Suspend the Rules and Pass the Bill, H.R. 7338, with an Amendment
(The amendment strikes all after the enacting clause and inserts a new text)

117TH CONGRESS 2D SESSION

H. R. 7338

To require congressional notification prior to payments of Department of State rewards using cryptocurrencies, authorize the appointment of a Director of Digital Currency Security in the Office of Economic Sanctions Policy and Implementation of the Department of State, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 31, 2022

Mr. MEEKS (for himself and Mr. McCaul) introduced the following bill; which was referred to the Committee on Foreign Affairs, and in addition to the Committee on Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To require congressional notification prior to payments of Department of State rewards using cryptocurrencies, authorize the appointment of a Director of Digital Currency Security in the Office of Economic Sanctions Policy and Implementation of the Department of State, 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,
SECTION 1. SHORT TITLE.

This Act may be cited as the “Russia Cryptocurrency Transparency Act”.

SEC. 2. FINDINGS.

Congress finds the following:

(1) On February 24, 2022, the Government of the Russian Federation, led by Vladimir Putin, launched an unprovoked, full-scale invasion of Ukraine.

(2) This unprovoked act of aggression violates Ukraine’s right to independence, sovereignty, and territorial integrity, and constitutes an emergency in international relations.

(3) The invasion by the Government of the Russian Federation of Ukraine caused significant displacement in Ukraine and triggered a broader humanitarian crisis in Europe.

(4) On March 23, 2022, the Department of State released a statement assessing that the Russian Armed Forces committed war crimes by launching indiscriminate attacks on civilians and non-military infrastructure, including apartment buildings, schools, and hospitals, leaving thousands of innocent civilians killed or wounded.

(5) The United Nations Office for Coordination of Humanitarian Affairs has projected that, over the
next three months, 12,000,000 people living in
Ukraine will need humanitarian assistance,
6,700,000 people will be internally displaced, and
4,000,000 people will flee Ukraine.

(6) Rapid humanitarian assistance is necessary
across sectors to address the needs of refugees and
internally displaced persons from Ukraine.

(7) Cryptocurrency has been used as an effective
cross-border payment tool to send millions to
the Ukrainian Government, Ukrainian army, and
Ukrainian refugees with limited access to financial
services.

(8) In response to the war of aggression by the
Government of the Russian Federation, the United
States has imposed an array of sanctions, cutting off
major Russian financial institutions from Western
markets and freezing the assets of numerous Rus-
sian oligarchs.

(9) Given that regimes sanctioned by the
United States have used cryptocurrencies to evade
sanctions, there are increasing concerns that these
digital assets may be used to circumvent the sanc-
tions now imposed on Russia and Belarus by the
United States and other foreign countries.
SEC. 3. CONGRESSIONAL NOTIFICATIONS FOR STATE DEPARTMENT CRYPTOCURRENCY REWARDS.

(a) CONGRESSIONAL NOTIFICATION.—Subsection (e) of section 36 of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2708) is amended by adding at the end the following new paragraph:

“(7) The Secretary of State shall notify the appropriate congressional committees not later than 15 days before paying out a reward in cryptocurrency.”.

(b) REPORT.—Not later than 180 days after the date of the enactment of this Act, the Secretary of State shall submit to the appropriate congressional committees a report on the use of cryptocurrency as a part of the Department of State Rewards program that—

(1) explains why the Department of State made the determination to pay out rewards in cryptocurrency;

(2) lists each cryptocurrency payment already provided by the State Department;

(3) provides evidence as to why cryptocurrency payments would be more likely to induce whistleblowers to come forward with information than rewards paid out in United States dollars or other prizes;
(4) analyzes how the State Department’s use of cryptocurrency could undermine the dollar’s status as the global reserve currency; and

(5) examines if the State Department’s use of cryptocurrency could provide bad actors with additional hard-to-trace funds that could be used for criminal or illicit purposes.

(c) APPROPRIATE COMMITTEES OF CONGRESS DEFINED.—In this section, the term “appropriate committees of Congress” means—

(1) the Committee on Foreign Affairs of the House of Representatives;

(2) the Committee on Foreign Relations of the Senate.

SEC. 5. EFFECTIVENESS AND ENFORCEMENT OF SANCTIONS.

(a) SENSE OF CONGRESS.—It is the sense of Congress that—

(1) on March 9, 2022, President Biden issued an Executive Order outlining a national policy to mitigate the risks, and harness the potential benefits of, digital assets and distributed ledger technology;

(2) the growing development and adoption of digital assets have created an urgent need for the United States to play a leading role in the global fi-
nancial system and facilitate technological innovation;

(3) these developments have had significant implications that pose risks to the financial stability and national security interest of the United States, including issues relating to privacy and surveillance;

(1) the United States Government must—

(A) ensure the efficacy and enforcement of the United States’ sanctions regime by preventing the misuse of digital assets, which can facilitate transactions by Russian persons subject to sanctions;

(B) mitigate national security liabilities and systemic financial risks posed by the misuse of digital assets by developing policy recommendations and addressing existing regulatory gaps; and

(C) maintain technological leadership to promote United States global competitiveness and play a leading role in the global governance of digital assets.

(b) REPORT.—

(1) IN GENERAL.—Not later than 180 days after the date of the enactment of this Act, the Secretary of the Treasury, in consultation with the Sec-
Secretary of State, shall submit a report to the appropriate congressional committees that provides an assessment on how digital currencies affect the effectiveness and enforcement of United States sanctions against the Russian Federation and actors subject to sanctions related to the Russian Federation’s invasion of Ukraine.

(2) Matters to be included.—The report under paragraph (1) shall—

(A) describe any efforts by the Russian Federation or persons subject to sanctions related to the Russian Federation’s invasion of Ukraine to utilize digital assets to evade the sanctions regimes of the United States and its international allies and partners;

(B) describe any efforts by persons subject to sanctions related to the Russian Federation’s invasion of Ukraine to use decentralized finance technology or other similar technology to effect transactions, including digital wallets, digital asset trading platforms, and digital asset exchanges;

(C) assess how the use or adoption of digital currencies could undermine the national security interests of the United States and impact
the efficacy and enforcement of sanctions, and the enforcement of anti-money laundering provisions;

(D) detail actions taken by the United States government to work with private sector actors to combat the evasion of sanctions imposed by the United States; and

(E) include recommendations for new legislative and regulatory measures needed to strengthen the United States Government’s ability to prevent any states, state-sponsored actors, and non-state-sponsored actors from using digital currencies to evade sanctions imposed by the United States Government.

(c) Appropriate Committees of Congress Defined.—In this section, the term “appropriate committees of Congress” means—

(1) the Committee on Foreign Affairs of the House of Representatives;

(2) the Committee on Financial Services of the House of Representatives;

(3) the Committee on Foreign Relations of the Senate; and

(4) the Committee on Banking, Housing, and Urban Affairs of the Senate.
(d) REPORT FORM.—The report required under subsection (b) shall be submitted in unclassified form with a classified annex, if necessary.