

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.

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## 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

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## 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”.

1 **SEC. 2. SENSE OF CONGRESS.**

2 It is the sense of Congress that the Federal Govern-  
3 ment should prioritize the investigation of terrorist and  
4 illicit use of new financial technology, including digital  
5 currencies.

6 **SEC. 3. INDEPENDENT FINANCIAL TECHNOLOGY TASK**  
7 **FORCE.**

8 (a) ESTABLISHMENT.—There is established the Inde-  
9 pendent Financial Technology Task Force (the “Task  
10 Force”), which shall consist of—

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

13 (2) the Attorney General;

14 (3) the Director of the Central Intelligence  
15 Agency;

16 (4) the Director of the Financial Crimes En-  
17 forcement Network;

18 (5) the Director of the Secret Service;

19 (6) the Director of the Federal Bureau of In-  
20 vestigation; and

21 (7) 6 individuals appointed by the Secretary of  
22 the Treasury to represent the private sector (includ-  
23 ing the banking industry, nonprofit groups, and  
24 think tanks), with at least 1 of such individuals hav-  
25 ing experience in the Fintech industry.

26 (b) DUTIES.—The Task Force shall—

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

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

7           (c) ANNUAL CONGRESSIONAL REPORT.—Not later  
8           than 1 year after the date of the enactment of this Act,  
9           and annually thereafter, the Task Force shall issue a re-  
10          port to the Congress containing the findings and deter-  
11          minations made by the Task Force in the previous year  
12          and any legislative and regulatory proposals developed by  
13          the Task Force.

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

16          (a) IN GENERAL.—The Secretary of the Treasury, in  
17          consultation with the Attorney General, shall establish a  
18          fund to pay a reward, not to exceed \$450,000, to any per-  
19          son who provides information leading to the conviction of  
20          an individual involved with terrorist use of digital cur-  
21          rencies.

22          (b) USE OF FINES AND FORFEITURES.—With re-  
23          spect to fines and forfeitures related to the conviction of  
24          an individual involved with terrorist use of digital cur-

1 rences, the Secretary of the Treasury shall, without fur-  
2 ther appropriation or fiscal year limitation—

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

5 (2) with respect to any such amounts remaining  
6 after payments are made under paragraphs (1) and  
7 (2), deposit such amounts in the FinTech Leader-  
8 ship in Innovation Program.

9 **SEC. 5. FINTECH LEADERSHIP IN INNOVATION PROGRAM.**

10 (a) ESTABLISHMENT.—There is established a pro-  
11 gram to be known as the “FinTech Leadership in Innova-  
12 tion Program”, which shall be funded as provided under  
13 section 4(b)(2).

14 (b) INNOVATION GRANTS.—

15 (1) IN GENERAL.—The Secretary of the Treas-  
16 ury shall make grants for the development of tools  
17 and programs to detect terrorist and illicit use of  
18 digital currencies.

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

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

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

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

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

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

22                   (D) tools and incentives that are on decen-  
23                   tralized platforms.

24          (5) OTHER REQUIREMENTS.—

1 (A) USE OF EXISTING GLOBAL STAND-  
2 ARDS.—Any new technology developed with a  
3 grant made under this subsection shall be based  
4 on existing global standards, such as those de-  
5 veloped by the Internet Engineering Task Force  
6 (IETF) and the World Wide Web Consortium  
7 (W3C).

8 (B) SUPPORTING EXISTING LAWS OR REG-  
9 ULATIONS.—Tools and programs developed with  
10 a grant made under this subsection shall be in  
11 support of existing laws or regulations, includ-  
12 ing the Bank Secrecy Act, and make efforts to  
13 balance privacy and anti-money laundering con-  
14 cerns.

15 (C) OPEN ACCESS REQUIREMENT.—Tools  
16 and programs developed with a grant made  
17 under this subsection shall be freely accessible  
18 and usable by the public. This requirement may  
19 be fulfilled by publicly availing application pro-  
20 gramming interfaces or software development  
21 kits.

22 **SEC. 6. DEFINITIONS.**

23 For purposes of this Act:

24 (1) BANK SECRECY ACT.—The term “Bank Se-  
25 crecy Act” means—

1 (A) section 21 of the Federal Deposit In-  
2 surance Act;

3 (B) chapter 2 of title I of Public Law 91-  
4 508; and

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

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

9 (A) means a digital representation of value  
10 that—

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

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

16 (B) does not include—

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

22 (ii) a digital representation of value  
23 issued by or on behalf of a publisher and  
24 used solely within an online game, game  
25 platform, or family of games sold by the

1           same publisher or offered on the same  
2           game platform.

3           (3) **TERRORIST.**—The term “terrorist” includes  
4           a person carrying out domestic terrorism or inter-  
5           national terrorism (as such terms are defined, re-  
6           spectively, under section 2331 of title 18, United  
7           States Code).

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