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115TH CONGRESS
2D Session

H. R. 5036

[Report No. 115–984]

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 26, 2018

Additional sponsor: Ms. SINEMA

SEPTEMBER 26, 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 italic]

[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.
Be it enacted by the Senate and House of Representa-
tives 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 TO COMBAT TERRORISM AND ILICIT
FINANCING.

(a) ESTABLISHMENT.—There is established the Inde-
pendent Financial Technology Task Force to Combat Ter-
rorism and Illicit Financing (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 National Intelligence;

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

(5) the Director of the Secret Service;

(6) the Director of the Federal Bureau of Inves-
tigation; and
(7) 6 individuals appointed by the Secretary of the Treasury, in consultation with the members of the Task Force described under paragraphs (2) through (6), to represent the private sector (including the banking industry, nonprofit groups, and think tanks), with at least 2 of such individuals having experience in the Fintech industry.

(b) DUTIES.—The Task Force shall—

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

(2) develop legislative and regulatory proposals to improve counter-terrorist and counter-illicit financing 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 report to the Congress containing the findings and determinations 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 TERRORIST 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 person
who provides information leading to the conviction of an
individual involved with terrorist use of digital currencies.

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

(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 and Financial Intelligence Program.

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

(a) ESTABLISHMENT.—There is established a program
to be known as the “Fintech Leadership in Innovation and
Financial Intelligence 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 pro-
gramming interfaces or software development kits.

SEC. 6. PREVENTING ROGUE AND FOREIGN ACTORS FROM EVADING SANCTIONS.

(a) Report and Strategy With Respect to Digital Currencies and Other Related Emerging Technologies.—

(1) In general.—Not later than 180 days after the date of the enactment of this Act, the President, acting through the Secretary of Treasury and in consultation with the Attorney General, the Secretary of State, the Secretary of Homeland Security, the Director of National Intelligence, the Director of the Office of Management and Budget, and the appropriate Federal banking agencies and Federal functional regulators, shall—

(A) submit to the appropriate congressional committees a report that identifies and describes the potential uses of digital currencies and other related emerging technologies by states, non-state actors, and foreign terrorist organizations to evade sanctions, finance terrorism, or launder monetary instruments, and threaten United States national security; and
(B) develop and submit to the appropriate congressional committees a strategy to mitigate and prevent such illicit use of digital currencies and other related emerging technologies.

(2) FORM; PUBLIC AVAILABILITY.—

(A) FORM.—The report and strategy required under paragraph (1) shall be submitted in unclassified form, but may contain a classified annex.

(B) PUBLIC AVAILABILITY.—The unclassified portion of such report and strategy shall be made available to the public and posted on the internet website of the Department of Treasury—

(i) in pre-compressed, easily downloadable versions that are made available in all appropriate formats; and

(ii) in machine-readable format, if applicable.

(3) SOURCES OF INFORMATION.—In preparing the report and strategy required under paragraph (1), the President may utilize any credible publication, database, web-based resource, and any credible information compiled by any government agency, non-
governmental organization, or other entity that is made available to the President.

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

SEC. 7. DEFINITIONS.

For purposes of this Act:

(1) APPROPRIATE CONGRESSIONAL COMMITTEES.—The term “appropriate congressional committees” means—

(A) the Committee on Financial Services, the Committee on the Judiciary, the Permanent Select Committee on Intelligence, and the Committee on Foreign Affairs of the House of Representatives; and

(B) the Committee on Banking, Housing, and Urban Affairs, the Committee on Homeland Security and Governmental Affairs, the Committee on the Judiciary, the Select Committee on Intelligence, and the Committee on Foreign Relations of the Senate.

(2) APPROPRIATE FEDERAL BANKING AGENCIES.—The term “appropriate Federal banking agencies—
cies” has the meaning given the term in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813).

(3) **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.

(4) **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.

(5) **Federal functional regulator.**—The
term “Federal functional regulator” has the meaning
given that term in section 509 of the Gramm-Leach-

(6) **Foreign terrorist organization.**—The
term “foreign terrorist organization” means an organ-
ization that is designated as a foreign terrorist organ-
ization under section 219 of the Immigration and

(7) **Terrorist.**—The term “terrorist” includes
a person carrying out domestic terrorism or inter-
national terrorism (as such terms are defined, respec-
tively, under section 2331 of title 18, United States
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 re-
wards for information leading to convictions related to
terrorist use of digital currencies, to establish a Fintech
Leadership in Innovation and Financial Intelligence Pro-
gram to encourage the development of tools and pro-
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