

117TH CONGRESS
1ST SESSION

H. R. 296

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

IN THE HOUSE OF REPRESENTATIVES

JANUARY 13, 2021

Mr. BUDD (for himself, Mr. DAVIDSON, Mr. LYNCH, Mr. DONALDS, and Mr. SOTO) introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committee on the Budget, 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 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 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,*

1 **SECTION 1. SHORT TITLE.**

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

4 **SEC. 2. SENSE OF CONGRESS.**

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

9 **SEC. 3. INDEPENDENT FINANCIAL TECHNOLOGY TASK**
10 **FORCE TO COMBAT TERRORISM AND ILLICIT**
11 **FINANCING.**

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

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

18 (2) the Attorney General;

19 (3) the Director of National Intelligence;

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

22 (5) the Director of the Secret Service;

23 (6) the Director of the Federal Bureau of In-
24 vestigation; and

25 (7) 6 individuals appointed by the Secretary of
26 the Treasury, in consultation with the members of

1 the Task Force described under paragraphs (2)
2 through (6), to represent the private sector (includ-
3 ing the banking industry, nonprofit groups, and
4 think tanks), with at least two of such individuals
5 having experience in the Fintech industry.

6 (b) DUTIES.—The Task Force shall—

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

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

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

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

22 (a) IN GENERAL.—The Secretary of the Treasury, in
23 consultation with the Attorney General, shall establish a
24 fund to pay a reward, not to exceed \$450,000, to any per-
25 son who provides information leading to the conviction of

1 an individual involved with terrorist use of digital cur-
2 rencies.

3 (b) USE OF FINES AND FORFEITURES.—With re-
4 spect to fines and forfeitures related to the conviction of
5 an individual involved with terrorist use of digital cur-
6 rencies, the Secretary of the Treasury shall, subject to the
7 availability of appropriations made in advance—

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 paragraph (1), de-
12 posit such amounts in the Fintech Leadership in In-
13 novation and Financial Intelligence Program.

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

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

20 (b) INNOVATION GRANTS.—

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

1 (2) ELIGIBLE RECIPIENTS.—The Secretary may
2 make grants under this subsection to entities located
3 in the United States, including academic institu-
4 tions, companies, nonprofit institutions, individuals,
5 and any other entities located in the United States
6 that 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
10 and programs, the Secretary may make grants
11 under this subsection to carry out pilot programs
12 using such tools, the development of test cases using
13 such tools, 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
20 released 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 de-
10 veloped by the Internet Engineering Task Force
11 (IETF) and the World Wide Web Consortium
12 (W3C).

13 (B) SUPPORTING EXISTING LAWS OR REG-
14 ULATIONS.—Tools and programs developed with
15 a grant made under this subsection shall be in
16 support of existing laws or regulations, includ-
17 ing the Bank Secrecy Act, and make efforts to
18 balance 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
7 TECHNOLOGIES.—

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

17 (A) submit to the appropriate congres-
18 sional committees a report that identifies and
19 describes the potential uses of digital currencies
20 and other related emerging technologies by
21 states, non-state actors, and foreign terrorist
22 organizations to evade sanctions, finance ter-
23 rorism, or launder monetary instruments, and
24 threaten United 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 down-
16 loadable versions that are made available
17 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
22 (1), the President may utilize any credible publica-
23 tion, database, web-based resource, and any credible
24 information compiled by any government agency,

1 nongovernmental organization, or other entity that
2 is 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
6 the implementation of the strategy required under sub-
7 section (a).

8 **SEC. 7. DETERMINATION OF BUDGETARY EFFECTS.**

9 The budgetary effects of this Act, for the purpose of
10 complying with the Statutory Pay-As-You-Go Act of 2010,
11 shall be determined by reference to the latest statement
12 titled “Budgetary Effects of PAYGO Legislation” for this
13 Act, submitted for printing in the Congressional Record
14 by the Chairman of the House Budget Committee, pro-
15 vided that such statement has been submitted prior to the
16 vote on passage.

17 **SEC. 8. DEFINITIONS.**

18 For purposes of this Act:

19 (1) APPROPRIATE CONGRESSIONAL COMMIT-
20 TEES.—The term “appropriate congressional com-
21 mittees” means—

22 (A) the Committee on Financial Services,
23 the Committee on the Judiciary, the Permanent
24 Select Committee on Intelligence, and the Com-

1 committee on Foreign Affairs of the House of Rep-
2 representatives; and

3 (B) the Committee on Banking, Housing,
4 and Urban Affairs, the Committee on Home-
5 land Security and Governmental Affairs, the
6 Committee on the Judiciary, the Select Com-
7 mittee on Intelligence, and the Committee on
8 Foreign Relations of the Senate.

9 (2) APPROPRIATE FEDERAL BANKING AGEN-
10 CIES.—The term “appropriate Federal banking
11 agencies” has the meaning given the term in section
12 3 of the Federal Deposit Insurance Act (12 U.S.C.
13 1813).

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

16 (A) section 21 of the Federal Deposit In-
17 surance Act;

18 (B) chapter 2 of title I of Public Law 91–
19 508; and

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

22 (4) DIGITAL CURRENCY.—The term “digital
23 currency”—

24 (A) means a digital representation of value
25 that—

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

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

6 (B) does not include—

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

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

18 (5) FEDERAL FUNCTIONAL REGULATOR.—The
19 term “Federal functional regulator” has the mean-
20 ing given that term in section 509 of the Gramm-
21 Leach-Bliley Act (15 U.S.C. 6809).

22 (6) FOREIGN TERRORIST ORGANIZATION.—The
23 term “foreign terrorist organization” means an or-
24 ganization that is designated as a foreign terrorist

1 organization under section 219 of the Immigration
2 and Nationality Act (8 U.S.C. 1189).

3 (7) **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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