

## Union Calendar No. 769

115<sup>TH</sup> CONGRESS  
2<sup>D</sup> 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.

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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

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.

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 re-  
wards for information leading to convictions related to  
terrorist use of digital currencies, to establish a Fintech  
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