

109TH CONGRESS
2^D SESSION

H. R. 6299

To prevent children from purchasing Internet-distributed age-restricted products and services by regulating the funding thereof and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 29, 2006

Mr. PICKERING (for himself and Mr. BACHUS) introduced the following bill;
which was referred to the Committee on Financial Services

A BILL

To prevent children from purchasing Internet-distributed age-restricted products and services by regulating the funding thereof 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 “Protecting Our Chil-
5 dren from Age-Restricted Internet Products and Services
6 Act of 2006”.

7 **SEC. 2. FINDINGS.**

8 The Congress finds that—

1 (1) the Internet enables anyone, regardless of
2 age, to visit merchant websites selling a vast array
3 of products and services, including products and
4 services that, by Federal or State law, cannot be
5 sold to minors;

6 (2) Internet-distributed age-restricted products
7 and services are primarily purchased using personal
8 payment system instruments and credit cards;

9 (3) age-verification systems based on purely
10 electronic means of identification have proven inad-
11 equate in preventing the purchase by minors of age-
12 restricted Internet-distributed products and services;

13 (4) many providers of Internet-distributed age-
14 restricted products and services are located in for-
15 eign jurisdictions and are beyond the reach of
16 United States laws; and

17 (5) the anonymity of purchases of Internet-dis-
18 tributed age-restricted products and services perpet-
19 uates the easy access of such products and services
20 by minors.

1 **SEC. 3. REGULATION OF ACCEPTANCE OF PAYMENT SYS-**
2 **TEM INSTRUMENTS, CREDIT CARDS, OR**
3 **FUND TRANSFERS FOR INTERNET-DISTRIB-**
4 **UTED PRODUCTS AND SERVICES HARMFUL**
5 **TO MINORS.**

6 (a) IN GENERAL.—Chapter 53 of title 31, United
7 States Code, is amended by adding at the end the fol-
8 lowing:

9 “SUBCHAPTER V—REGULATION OF FUNDING
10 OF INTERNET-DISTRIBUTED PRODUCTS
11 AND SERVICES HARMFUL TO MINORS

12 “§ 5371. **Definitions**

13 “For purposes of this subchapter, the following defi-
14 nitions shall apply:

15 “(1) AUTHORIZED INTERNET PAYMENT PROC-
16 ESSING BUSINESS.—The term ‘authorized Internet
17 payment processing business’ means any Internet
18 payment processing business that—

19 “(A) offers a regulated payment system for
20 use by sellers of any Internet-distributed age-re-
21 stricted product or service;

22 “(B) facilitates any regulated transaction;
23 and

24 “(C) is certified by and registered with the
25 Office of Electronic Funding Oversight as pro-
26 vided in section 5372.

1 “(2) AUTHORIZED MONEY RECEIVING BUSI-
2 NESS.—The term ‘authorized money receiving busi-
3 ness’ means any financial institution that—

4 “(A) is subject to the provisions of sub-
5 chapter II of chapter 53 of title 31, United
6 States Code;

7 “(B) receives monies from consumers in
8 connection with the operation of any regulated
9 payment system;

10 “(C) facilitates the electronic transfer of
11 funds from a consumer’s money market, check-
12 ing, or savings account into a designated Inter-
13 net payment account; and

14 “(D) has physical properties within which
15 an interactive age verification process can be
16 executed by an independent second party.

17 “(3) DESIGNATED INTERNET PAYMENT AC-
18 COUNT.—The term ‘designated Internet payment ac-
19 count’ means a financial account—

20 “(A) that is managed by an authorized
21 internet payment processing business;

22 “(B) from which funds may be drawn elec-
23 tronically to pay for an Internet-distributed
24 product or service harmful to minors;

1 “(C) that holds funds that are received
2 from the account owner by an authorized
3 money receiving business; and

4 “(D) that is owned by an individual whose
5 identity and age have been verified at least one
6 time by an independent second party.

7 “(4) DIRECTOR.—The term ‘Director’ means
8 the Director of the Office of Electronic Funding
9 Oversight of the Department of the Treasury, estab-
10 lished under section 5373.

11 “(5) FINANCIAL INSTITUTION.—The term ‘fi-
12 nancial institution’ means a State or National bank,
13 a State or Federal savings and loan association, a
14 mutual savings bank, a State or Federal credit
15 union, or any other person who, directly or indi-
16 rectly, holds an account belonging to a consumer or
17 business.

18 “(6) INDEPENDENT SECOND PARTY.—The term
19 ‘independent second party’ means any person who is
20 employed by a private business and trained to verify
21 the identity and age of a consumer using a valid
22 government-issued identification card or equivalent
23 identifying documentation bearing the consumer’s
24 birth date or indication of age, which is presented by
25 the consumer at the request of such person.

1 “(7) INTERACTIVE AGE VERIFICATION PROC-
2 ESS.—The term ‘interactive age verification process’
3 means any age verification process employing any
4 sequence of actions by which a consumer’s identity
5 and age are verified by an independent second party
6 at the time funds are first added to a designated
7 Internet payment account.

8 “(8) INTERNET.—The term ‘Internet’ means
9 the international computer network of interoperable
10 packet switched data networks.

11 “(9) INTERNET-DISTRIBUTED PRODUCT OR
12 SERVICE HARMFUL TO MINORS.—The term ‘Inter-
13 net-distributed product or service harmful to minors’
14 means any product or service that—

15 “(A) is harmful to minors; and

16 “(B) is offered for sale over the Internet.

17 “(10) INTERNET PAYMENT PROCESSING BUSI-
18 NESS.—The term ‘Internet payment processing busi-
19 ness’ means any payment processing business that
20 facilitates the settlement of payments by any means
21 between—

22 “(A) any bank, credit card, or other finan-
23 cial institution account of a consumer of Inter-
24 net-distributed products or services; and

1 “(B) any financial institution account, do-
2 mestic or foreign, controlled by the seller of the
3 Internet-distributed product or service.

4 “(11) MINOR.—The term ‘minor’ means an in-
5 dividual who has not attained the age of 17.

6 “(12) OFFICE.—The term ‘Office’ means the
7 Office of Electronic Funding Oversight of the De-
8 partment of the Treasury, established under section
9 5373.

10 “(13) PAYMENT PROCESSING BUSINESS FINAN-
11 CIAL INSTITUTION.—The term ‘payment processing
12 business financial institution’ means any financial
13 institution that holds an account belonging to an
14 Internet payment processing business.

15 “(14) PRODUCT OR SERVICE HARMFUL TO MI-
16 NORS.—The term ‘product or service harmful to mi-
17 nors’ means—

18 “(A) any picture, image, graphic image
19 file, or other visual depiction that—

20 “(i) taken as a whole and with respect
21 to minors, appeals to a prurient interest in
22 nudity, sex, or excretion;

23 “(ii) depicts, describes, or represents,
24 in a patently offensive way with respect to
25 what is suitable for minors, an actual or

1 simulated sexual act or sexual contact, ac-
2 tual or simulated normal or perverted sex-
3 ual acts, or a lewd exhibition of the geni-
4 tals; and

5 “(iii) taken as a whole, lacks serious
6 literary, artistic, political, or scientific
7 value as to minors;

8 “(B) any beverage in liquid form which
9 contains not less than 0.05 percent of alcohol
10 by volume and is intended for human consump-
11 tion;

12 “(C) any tobacco product, as such term is
13 defined in section 5702 of the Internal Revenue
14 Code of 1986 (26 U.S.C. 5702);

15 “(D) any prescription drug product, as
16 such term is defined in section 735 of the Fed-
17 eral, Drug, and Cosmetic Act (21 U.S.C. 379g);
18 and

19 “(E) any other product or service deter-
20 mined to be harmful to minors by the Attorney
21 General of the United States.

22 “(15) REGULATED PAYMENT SYSTEM.—The
23 term ‘regulated payment system’ means any Internet
24 payment processing system or method utilized by
25 any seller of any Internet-distributed age-restricted

1 product or service that involves the settlement of
2 payments between the seller and the consumer of
3 such product or service.

4 “(16) REGULATED TRANSACTION.—The term
5 ‘regulated transaction’ means any transaction or
6 transmittal involving any credit, funds, instrument,
7 or proceeds described in any paragraph of section
8 5374 which the recipient is allowed to accept under
9 section 5372.

10 “(17) RESTRICTED TRANSACTION.—The term
11 ‘restricted transaction’ means any transaction or
12 transmittal involving any credit, funds, instrument,
13 or proceeds described in any paragraph of section
14 5374 which the recipient is prohibited from accept-
15 ing under section 5374.

16 “(18) SEXUAL ACT; SEXUAL CONTACT.—The
17 terms ‘sexual act’ and ‘sexual contact’ have the
18 meanings given such terms in section 2246 of title
19 18, United States Code.

20 “(19) SECRETARY.—The term ‘Secretary’
21 means the Secretary of the Treasury.

1 **“§ 5372. Age verification requirement for internet**
2 **payment processing businesses involving**
3 **the purchase of internet-distributed**
4 **products and services harmful to minors**

5 “(a) AGE VERIFICATION REQUIREMENT.—A regu-
6 lated payment system complies with the requirements
7 under this subsection only if the system includes each of
8 the following:

9 “(1) An interactive age verification process.

10 “(3) A network of authorized money receiving
11 businesses.

12 “(2) A designated Internet payment account for
13 each consumer.

14 “(4) Procedures for funding each designated
15 Internet payment account that ensure that the con-
16 sumer’s identity and age are verified as follows:

17 “(A) Verification shall be made by an inde-
18 pendent second party when funds are first
19 added to the designated internet payment ac-
20 count.

21 “(B) After verification under subparagraph
22 (A), each time that funds are added to the ac-
23 count—

24 “(i) in the case of a consumer who
25 has a money market, savings, checking, or
26 other account in the same financial institu-

1 tion as the authorized money receiving
2 business, the consumer may direct the
3 transfer of money from his or her financial
4 institution account to the designated inter-
5 net payment account; and

6 “(ii) in the case of a consumer who
7 does not have a money market, savings,
8 checking, or other account in the same fi-
9 nancial institution as the authorized money
10 receiving business, verification shall be
11 made using the same procedure that is
12 used pursuant to subparagraph (A) when
13 funds are first added to the account.

14 “(b) CERTIFICATION OF COMPLIANCE.—

15 “(1) EVALUATION AND CERTIFICATION OF REG-
16 ULATED PAYMENT SYSTEMS.—The Director of the
17 Office of Electronic Funding Oversight shall evalu-
18 ate each regulated payment system facilitating any
19 regulated transaction for compliance with the re-
20 quirements under subsection (a) and shall certify
21 each regulated payment system that meets such re-
22 quirements as so complying.

23 “(2) CERTIFICATION OF AUTHORIZED INTER-
24 NET PAYMENT PROCESSING BUSINESSES.—The Di-
25 rector shall issue a certificate of compliance to each

1 Internet payment processing business that offers a
2 regulated payment system that is certified pursuant
3 to paragraph (1).

4 “(3) CERTIFICATION PROGRAM.—The Director
5 shall carry out a program for certifying authorized
6 Internet payment processing businesses and shall
7 issue such regulations as necessary to comply with
8 the requirements of this subchapter.

9 “(c) REGISTRATION .—

10 “(1) REQUIREMENT.—The Director shall reg-
11 ister with the Office each authorized Internet pay-
12 ment processing business that is issued a certificate
13 of compliance under subsection (b)(2).

14 “(2) REGISTRATION PROGRAM.—The Director
15 shall carry out a program for registering authorized
16 Internet payment processing businesses and shall
17 issue such regulations as necessary to comply with
18 the requirements of this subchapter.

19 “(d) COORDINATING REGULATIONS.—

20 “(1) COORDINATION WITH EXISTING LAWS.—
21 The Director shall, where appropriate and in coordi-
22 nation with the Attorney General of the United
23 States, coordinate the provisions of this subchapter
24 with existing United States laws and regulations.

1 “(2) REGULATIONS.—The Director may issue
2 coordinating regulations as appropriate under sub-
3 section (1).

4 **“§ 5373. Office of Electronic Funding Oversight; poli-**
5 **cies and procedures to identify and pre-**
6 **vent restricted transactions**

7 “(a) ESTABLISHMENT IN TREASURY.—

8 “(1) IN GENERAL.—There is established within
9 the Department of the Treasury the Office of Elec-
10 tronic Funding Oversight, the purposes of which
11 are—

12 “(A) to coordinate Federal efforts to pro-
13 hibit restricted transactions;

14 “(B) to develop controls necessary for reg-
15 ulated transactions; and

16 “(C) otherwise to carry out the duties
17 specified in this subchapter.

18 “(2) DIRECTOR.—The Office shall be headed by
19 a Director, appointed by the Secretary. The Director
20 of the Office may serve as the designee of the Sec-
21 retary, at the request of the Secretary, for any pur-
22 pose under this subchapter.

23 “(b) REGULATIONS.—Not later than 270 days after
24 the date of the enactment of this subchapter, the Sec-
25 retary, in consultation with the Board of Governors of the

1 Federal Reserve System and the Attorney General of the
2 United States, shall prescribe regulations that require—

3 “(1) each Internet payment processing busi-
4 ness, and all participants therein, to fully investigate
5 the products and services offered by a seller of Inter-
6 net-distributed products and services, regardless of
7 whether the seller is domestic or foreign, prior to
8 settling payments for the seller on behalf of its cus-
9 tomers through the establishment of policies and
10 procedures reasonably designed to—

11 “(A) ensure that the seller of Internet-dis-
12 tributed products and services is conducting
13 business lawfully; and

14 “(B) prevent the settlement of payments
15 for any seller of any Internet-distributed prod-
16 uct or service harmful to minors if the Internet
17 payment processing business is not authorized
18 to do so by the Director; and

19 “(2) each payment processing business financial
20 institution, and all participants therein, to fully in-
21 vestigate any Internet payment processing business,
22 regardless of whether the business is domestic or
23 foreign, for which it intends to hold accounts
24 through the establishment of policies and procedures
25 reasonably designed to—

1 “(A) ensure that the Internet payment
2 processing business is conducting its business
3 lawfully; and

4 “(B) prevent acceptance of accounts by
5 any Internet payment processing business that
6 intends to settle payments for sellers of any
7 Internet-distributed product or service harmful
8 to minors but is not authorized to do so by the
9 Director.

10 “(c) REQUIREMENTS FOR POLICIES AND PROCE-
11 DURES.—In prescribing regulations pursuant to sub-
12 section (b), the Secretary shall identify types of policies
13 and procedures, including nonexclusive examples, which
14 would be deemed, as applicable, to be ‘reasonably designed
15 to ensure’ and ‘reasonably designed to prevent’ with re-
16 spect to each seller of any Internet-distributed product or
17 service harmful to minors in the case of Internet payment
18 processing businesses or each Internet payment processing
19 business in the case of Internet payment processing busi-
20 ness financial institutions.

21 “(d) COMPLIANCE WITH INTERNET PAYMENT PROC-
22 ESSING BUSINESS POLICIES AND PROCEDURES.—An
23 Internet payment processing business shall be considered
24 to be in compliance with the regulations prescribed under

1 subsection (b), if such business relies on and complies with
2 policies and procedures—

3 “(1) to identify sellers of any Internet-distrib-
4 uted product or service harmful to minors;

5 “(2) to ensure that payment settlements are ex-
6 ecuted on behalf of the seller of any Internet-distrib-
7 uted product or service harmful to minors only if
8 such business is certified to do so by the Director;
9 and

10 “(3) to ensure that payment settlements are ex-
11 ecuted on behalf of the seller of any Internet-distrib-
12 uted product or service harmful to minors only if
13 such business is registered with the Office.

14 “(e) COMPLIANCE WITH PAYMENT PROCESSING
15 BUSINESS FINANCIAL INSTITUTION POLICIES AND PRO-
16 CEDURES.—A payment processing business financial insti-
17 tution shall be considered to be in compliance with the
18 regulations prescribed under subsection (b), if such finan-
19 cial institution relies on and complies with policies and
20 procedures—

21 “(1) to identify Internet payment processing
22 businesses that intend to settle payments for sellers
23 of any Internet-distributed product or service harm-
24 ful to minors; and

1 “(2) to ensure that no Internet payment proc-
2 essing business intending to settle payments for sell-
3 ers of any Internet-distributed product or service
4 harmful to minors and not certified by the Office in
5 accordance with section 5372 is permitted to open
6 an account held by such financial institution.

7 “(f) NO LIABILITY FOR REFUSING TO PROCESS PAY-
8 MENTS FOR A SELLER OF ANY INTERNET-DISTRIBUTED
9 PRODUCT OR SERVICE HARMFUL TO MINORS.—An inter-
10 net payment processing business that is subject to a regu-
11 lation prescribed or order issued under this subchapter
12 and refuses to process transactions that such business rea-
13 sonably believes to be a restricted transaction, or as a
14 member of an Internet payment processing business relies
15 on the policies and procedures of the business, in an effort
16 to comply with regulations prescribed under subsection
17 (b), shall not be liable to any party for such action.

18 “(g) NO LIABILITY FOR REFUSING TO HOLD AC-
19 COUNTS FOR A NON-COMPLIANT INTERNET PAYMENT
20 PROCESSING BUSINESS.—An internet payment processing
21 business financial institution that is subject to a regula-
22 tion prescribed or order issued under this subchapter and
23 refuses to hold accounts for any Internet payment proc-
24 essing business that such financial institution reasonably
25 believes to be unlawfully processing restricted trans-

1 actions, or as a member of an Internet payment processing
2 business financial institution relies on the policies and pro-
3 cedures of the financial institution, in an effort to comply
4 with regulations prescribed under subsection (b), shall not
5 be liable to any party for such action.

6 “(h) REGULATORY ENFORCEMENT.—Regulations
7 issued by the Secretary under this subchapter shall be en-
8 forced by the Federal functional regulators and the Fed-
9 eral Trade Commission, in the manner provided in section
10 505(a) of the Gramm-Leach-Bliley Act.

11 **“§ 5374. Prohibition on acceptance of any non-compli-**
12 **ant bank instrument for the purchase of**
13 **internet-distributed products and serv-**
14 **ices harmful to minors**

15 “An Internet payment processing business that is not
16 in compliance with the provisions of section 5372 may not
17 knowingly process, in connection with the purchase by a
18 consumer of Internet-distributed products and services
19 harmful to minors—

20 “(1) credit, or the proceeds of credit, extended
21 to or on behalf of the consumer (including credit ex-
22 tended through the use of a credit card);

23 “(2) an electronic fund transfer, or funds trans-
24 mitted by or through a money transmitting business,
25 or the proceeds of an electronic fund transfer or

1 money transmitting service, from or on behalf of a
2 consumer;

3 “(3) any check, draft, or similar instrument
4 which is drawn by or on behalf of a consumer and
5 is drawn on or payable at or through any financial
6 institution; or

7 “(4) the proceeds of any other form of financial
8 transaction, as the Secretary may prescribe by regu-
9 lation, which involves a financial institution as a
10 payor or financial intermediary on behalf of or for
11 the benefit of a consumer.

12 **“§ 5375. Limitations on liability relating to identity**
13 **and age verification**

14 “An authorized money receiving business, in the
15 course of verifying the identity and age of consumers as
16 described in section 5372, shall not be held liable by any
17 party for any errors made by an authorized Internet pay-
18 ment processing business in the course of settling pay-
19 ments made by a consumer to a seller of any Internet-
20 distributed product or service harmful to minors.

21 **“§ 5376. Civil remedies**

22 “(a) JURISDICTION.—The district courts of the
23 United States shall have original and exclusive jurisdiction
24 to prevent and restrain violations of this subchapter or
25 the rules or regulations issued under this subchapter by

1 issuing appropriate orders in accordance with this section,
2 regardless of whether a prosecution has been initiated
3 under this subchapter.

4 “(b) PROCEEDINGS.—

5 “(1) INSTITUTION BY FEDERAL GOVERN-
6 MENT.—

7 “(A) IN GENERAL.—The United States,
8 acting through the Attorney General of the
9 United States, or, in the case of rules or regula-
10 tions issued under this subchapter, through an
11 agency authorized to enforce such regulations
12 in accordance with this subchapter, may insti-
13 tute proceedings under this section to prevent
14 or restrain a violation or a threatened violation
15 of this subchapter or such rules or regulations.

16 “(B) RELIEF.—Upon application of the
17 United States under this paragraph, the district
18 court may enter a preliminary injunction or an
19 injunction against any person to prevent or re-
20 strain a violation or threatened violation of this
21 subchapter or the rules or regulations issued
22 under this subchapter, in accordance with rule
23 65 of the Federal Rules of Civil Procedure.

24 “(2) INSTITUTION BY STATE ATTORNEY GEN-
25 ERAL.—

1 “(A) IN GENERAL.—The attorney general
2 (or other appropriate State official) of a State
3 in which a violation of this subchapter allegedly
4 has occurred or will occur may institute pro-
5 ceedings under this section to prevent or re-
6 strain the violation or threatened violation.

7 “(B) RELIEF.—Upon application of the at-
8 torney general (or other appropriate State offi-
9 cial) of an affected State under this paragraph,
10 the district court may enter a preliminary in-
11 junction or an injunction against any person to
12 prevent or restrain a violation or threatened
13 violation of this subchapter, in accordance with
14 rule 65 of the Federal Rules of Civil Procedure.

15 “(c) EXPEDITED PROCEEDINGS.—In addition to any
16 proceeding under subsection (b), a district court may, in
17 exigent circumstances, enter a temporary restraining
18 order against a person alleged to be in violation of this
19 subchapter or the rules or regulations issued under this
20 subchapter, upon application of the United States under
21 subsection (b)(1), or the attorney general (or other appro-
22 priate State official) of an affected State under subsection
23 (b)(2), in accordance with rule 65(b) of the Federal Rules
24 of Civil Procedure.

1 “(d) FACTORS TO BE CONSIDERED IN CERTAIN
2 CASES FOR INTERNET PAYMENT PROCESSING BUSI-
3 NESSES.—In considering granting relief under this section
4 against any Internet payment processing business, or any
5 participant in a Internet payment processing business that
6 is not in compliance with the regulations issued under this
7 subchapter, the court shall consider—

8 “(1) the extent to which the person partici-
9 pating in the Internet payment processing business
10 knew or should have known that the transaction was
11 in connection with an Internet-distributed product or
12 service harmful to minors;

13 “(2) the history of such person participating in
14 the Internet payment processing business when such
15 person knew or should have known that the trans-
16 action is in connection with an Internet-distributed
17 product or service harmful to minors;

18 “(3) the extent to which such person has estab-
19 lished and is maintaining policies and procedures in
20 compliance with rules and regulations issued under
21 this subchapter;

22 “(4) the extent to which it is feasible for any
23 specific remedy prescribed as part of such relief to
24 be implemented by such person without substantial
25 deviation from normal business practice; and

1 “(5) the costs and burdens that the specific
2 remedy will have on such person.

3 “(e) FACTORS TO BE CONSIDERED IN CERTAIN
4 CASES FOR INTERNET PAYMENT PROCESSING BUSINESS
5 FINANCIAL INSTITUTIONS.—In considering granting relief
6 under this section against any Internet payment proc-
7 essing business financial institution, or any participant in
8 an Internet payment processing business financial institu-
9 tion that is not in compliance with the regulations issued
10 under this subchapter, the court shall consider—

11 “(1) the extent to which the person partici-
12 pating in the Internet payment processing business
13 financial institution knew or should have known that
14 the Internet payment processing business was set-
15 tling payments for Internet-distributed products or
16 services that are harmful to minors and was not in
17 compliance with the regulations issued under this
18 subchapter;

19 “(2) the history of such person participating in
20 the Internet payment processing business financial
21 institution when such person knew or should have
22 known that the Internet payment processing busi-
23 ness was settling payments for Internet-distributed
24 products or services that are harmful to minors and

1 was not in compliance with the regulations issued
2 under this subchapter;

3 “(3) the extent to which such person has estab-
4 lished and is maintaining policies and procedures in
5 compliance with rules and regulations issued under
6 this subchapter;

7 “(4) the extent to which it is feasible for any
8 specific remedy prescribed as part of such relief to
9 be implemented by such person without substantial
10 deviation from normal business practice; and

11 “(5) the costs and burdens that the specific
12 remedy will have on such person.

13 “(f) NOTICE TO REGULATORS AND FINANCIAL INSTI-
14 TUTIONS.—Before initiating any proceeding under sub-
15 section (b), with respect to a violation or potential viola-
16 tion of this subchapter or the rules or regulations issued
17 under this subchapter by any Internet payment processing
18 business or Internet payment processing business financial
19 institution, the Attorney General of the United States, an
20 attorney general (or other appropriate State official) of
21 a State, or an agency authorized to initiate such pro-
22 ceeding under this subchapter, shall—

23 “(1) notify such business or financial institu-
24 tion, and the appropriate regulatory agency (as de-
25 termined in accordance with section 5373(h) for

1 such business or financial institution) of such viola-
 2 tion or potential violation and the remedy to be
 3 sought in such proceeding; and

4 “(2) allow such business or financial institution
 5 not longer than 60 days to implement a remedy for
 6 the violation or potential violation, consistent with
 7 the factors described in subsection (d) or (e), and in
 8 conjunction with such action as the appropriate reg-
 9 ulatory agency may take, if such business or finan-
 10 cial institution takes reasonable steps within that
 11 60-day period to prevent the occurrence of such vio-
 12 lation or potential violation pending implementation
 13 of such remedy.

14 **“§ 5377. Criminal penalties**

15 “Whoever violates any provision of this subchapter or
 16 the rules or regulations issued under any provision of this
 17 subchapter shall be fined under title 18, United States
 18 Code, or imprisoned for not more than 5 years, or both.”.

19 (b) CLERICAL AMENDMENT.—The table of sections
 20 at the beginning of chapter 53 of title 31, United States
 21 Code, is amended by adding at the end the following:

“SUBCHAPTER V—REGULATION OF FUNDING OF INTERNET-DISTRIBUTED
 PRODUCTS AND SERVICES HARMFUL TO MINORS

“ 5371. Definitions.

“ 5372. Age verification requirement for internet payment processing busi-
 nesses involving the purchase of internet-distributed products
 and services harmful to minors.

“ 5373. Office of Electronic Funding Oversight; policies and procedures to
 identify and prevent restricted transactions.

- “ 5374. Prohibition on acceptance of any non-compliant bank instrument for the purchase of internet-distributed products and services harmful to minors.
- “ 5375. Limitations on liability relating to identity and age verification.
- “ 5376. Civil remedies.
- “ 5377. Criminal penalties.”.

