

116TH CONGRESS
1ST SESSION

H. R. 56

AN ACT

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,*

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 Govern-
8 ment should prioritize the investigation of terrorist and
9 illicit use of new financial technology, including digital
10 currencies.

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

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

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

20 (2) the Attorney General;

21 (3) the Director of National Intelligence;

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

24 (5) the Director of the Secret Service;

1 (6) the Director of the Federal Bureau of In-
2 vestigation; and

3 (7) 6 individuals appointed by the Secretary of
4 the Treasury, in consultation with the members of
5 the Task Force described under paragraphs (2)
6 through (6), to represent the private sector (includ-
7 ing the banking industry, nonprofit groups, and
8 think tanks), with at least 2 of such individuals hav-
9 ing experience in the Fintech industry.

10 (b) DUTIES.—The Task Force shall—

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

14 (2) develop legislative and regulatory proposals
15 to improve counter-terrorist and counter-illicit fi-
16 nancing efforts.

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

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

3 (a) IN GENERAL.—The Secretary of the Treasury, in
 4 consultation with the Attorney General, shall establish a
 5 fund to pay a reward, not to exceed \$450,000, to any per-
 6 son who provides information leading to the conviction of
 7 an individual involved with terrorist use of digital cur-
 8 rencies.

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

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

16 (2) with respect to any such amounts remaining
 17 after payments are made under paragraphs (1) and
 18 (2), deposit such amounts in the Fintech Leadership
 19 in Innovation and Financial Intelligence Program.

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

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

26 (b) INNOVATION GRANTS.—

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

5 (2) ELIGIBLE RECIPIENTS.—The Secretary may
6 make grants under this subsection to entities located
7 in the United States, including academic institu-
8 tions, companies, nonprofit institutions, individuals,
9 and any other entities located in the United States
10 that the Secretary determines appropriate.

11 (3) ELIGIBLE PROJECTS.—With respect to tools
12 and programs described under paragraph (1), in ad-
13 dition to grants for the development of such tools
14 and programs, the Secretary may make grants
15 under this subsection to carry out pilot programs
16 using such tools, the development of test cases using
17 such tools, and research related to such tools.

18 (4) PREFERENCES.—In making grants under
19 this subsection, the Secretary shall give preference
20 to—

21 (A) technology that is nonproprietary or
22 that is community commons-based;

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

1 (C) tools that are proactive (such as meet-
2 ing regulatory requirements under “know your
3 customer” and anti-money laundering require-
4 ments for any entity that has to comply with
5 U.S. Government regulations) vs. reactive (such
6 as aiding law enforcement organizations in
7 catching illegal activity after the fact); and

8 (D) tools and incentives that are on decen-
9 tralized platforms.

10 (5) OTHER REQUIREMENTS.—

11 (A) USE OF EXISTING GLOBAL STAND-
12 ARDS.—Any new technology developed with a
13 grant made under this subsection shall be based
14 on existing global standards, such as those de-
15 veloped by the Internet Engineering Task Force
16 (IETF) and the World Wide Web Consortium
17 (W3C).

18 (B) SUPPORTING EXISTING LAWS OR REG-
19 ULATIONS.—Tools and programs developed with
20 a grant made under this subsection shall be in
21 support of existing laws or regulations, includ-
22 ing the Bank Secrecy Act, and make efforts to
23 balance privacy and anti-money laundering con-
24 cerns.

(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 programming 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

1 states, non-state actors, and foreign terrorist
2 organizations to evade sanctions, finance ter-
3 rorism, or launder monetary instruments, and
4 threaten United States national security; and

5 (B) develop and submit to the appropriate
6 congressional committees a strategy to mitigate
7 and prevent such illicit use of digital currencies
8 and other related emerging technologies.

9 (2) FORM; PUBLIC AVAILABILITY.—

10 (A) FORM.—The report and strategy re-
11 quired under paragraph (1) shall be submitted
12 in unclassified form, but may contain a classi-
13 fied annex.

14 (B) PUBLIC AVAILABILITY.—The unclassi-
15 fied portion of such report and strategy shall be
16 made available to the public and posted on the
17 internet website of the Department of Treas-
18 ury—

19 (i) in pre-compressed, easily
20 downloadable versions that are made avail-
21 able in all appropriate formats; and

22 (ii) in machine-readable format, if ap-
23 plicable.

24 (3) SOURCES OF INFORMATION.—In preparing
25 the report and strategy required under paragraph

1 (1), the President may utilize any credible publica-
2 tion, database, web-based resource, and any credible
3 information compiled by any government agency,
4 nongovernmental organization, or other entity that
5 is made available to the President.

6 (b) BRIEFING.—Not later than 2 years after the date
7 of the enactment of this Act, the Secretary of the Treasury
8 shall brief the appropriate congressional committees on
9 the implementation of the strategy required under sub-
10 section (a).

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

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

20 **SEC. 8. DEFINITIONS.**

21 For purposes of this Act:

22 (1) APPROPRIATE CONGRESSIONAL COMMIT-
23 TEES.—The term “appropriate congressional com-
24 mittees” means—

1 (A) the Committee on Financial Services,
2 the Committee on the Judiciary, the Permanent
3 Select Committee on Intelligence, and the Com-
4 mittee on Foreign Affairs of the House of Rep-
5 resentatives; and

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

12 (2) APPROPRIATE FEDERAL BANKING AGEN-
13 CIES.—The term “appropriate Federal banking
14 agencies” has the meaning given the term in section
15 3 of the Federal Deposit Insurance Act (12 U.S.C.
16 1813).

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

19 (A) section 21 of the Federal Deposit In-
20 surance Act;

21 (B) chapter 2 of title I of Public Law 91–
22 508; and

23 (C) subchapter II of chapter 53 of title 31,
24 United States Code.

1 (4) DIGITAL CURRENCY.—The term “digital
2 currency”—

3 (A) means a digital representation of value
4 that—

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

7 (ii) is not established legal tender,
8 whether or not denominated in established
9 legal tender; and

10 (B) does not include—

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

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

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

1 (6) FOREIGN TERRORIST ORGANIZATION.—The
2 term “foreign terrorist organization” means an or-
3 ganization that is designated as a foreign terrorist
4 organization under section 219 of the Immigration
5 and Nationality Act (8 U.S.C. 1189).

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

Passed the House of Representatives January 28,
2019.

Attest:

Clerk.

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