To impose sanctions with respect to the use of cryptocurrency to facilitate transactions by Russian persons subject to sanctions, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 17, 2022

Ms. WARREN (for herself, Mr. REED, Mr. WARNER, Mr. TESTER, Ms. DUCKWORTH, Ms. STABENOW, Mr. WARNOCK, Mr. VAN HOLLEN, Ms. SMITH, Ms. CORTEZ MASTO, and Mr. MENENDEZ) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To impose sanctions with respect to the use of cryptocurrency to facilitate transactions by Russian persons subject to sanctions, 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
4 SECTION 1. SHORT TITLE.
5 This Act may be cited as the “Digital Asset Sanctions
6 Compliance Enhancement Act of 2022”.
7
8 SEC. 2. DEFINITIONS.
9 In this Act:
(1) **APPROPRIATE CONGRESSIONAL COMMIT-**

**TEES AND LEADERSHIP.**—The term “appropriate congressional committees and leadership” means—

(A) the Committee on Banking, Housing, and Urban Affairs, the Committee on Foreign Relations, and the majority and minority leaders of the Senate; and

(B) the Committee on Financial Services, the Committee on Foreign Affairs, and the speaker, the majority leader, and the minority leader of the House of Representatives.

(2) **DIGITAL ASSETS.**—The term “digital assets” means any digital representation of value, financial assets and instruments, or claims that are used to make payments or investments, or to transmit or exchange funds or the equivalent thereof, that are issued or represented in digital form through the use of distributed ledger technology.

(3) **DIGITAL ASSET TRADING PLATFORM.**—The term “digital asset trading platform” means a person, or group of persons, that operates as an exchange or other trading facility for the purchase, sale, lending, or borrowing of digital assets.
(4) Digital Asset Transaction Facilitator.—The term “digital asset transaction facilitator” means—

(A) any person, or group of persons, that significantly and materially facilitates the purchase, sale, lending, borrowing, exchange, custody, holding, validation, or creation of digital assets on the account of others, including any communication protocol, decentralized finance technology, smart contract, or other software, including open-source computer code—

(i) deployed through the use of distributed ledger or any similar technology; and

(ii) that provides a mechanism for multiple users to purchase, sell, lend, borrow, or trade digital assets; and

(B) any person, or group of persons, that the Secretary of the Treasury otherwise determines to be significantly and materially facilitating digital assets transactions in violation of sanctions.

(5) Foreign Person.—The term “foreign person” means an individual or entity that is not a United States person.
(6) United States person.—The term “United States person” means—
(A) an individual who is a United States citizen or an alien lawfully admitted for permanent residence to the United States; or
(B) an entity organized under the laws of the United States or any jurisdiction within the United States, including a foreign branch of such an entity.

SEC. 3. IMPOSITION OF SANCTIONS WITH RESPECT TO THE USE OF DIGITAL ASSETS TO FACILITATE TRANSACTIONS BY RUSSIAN PERSONS SUBJECT TO SANCTIONS.

(a) Report Required.—Not later than 90 days after the date of the enactment of this Act, and periodically thereafter as necessary, the President shall submit to Congress a report identifying any foreign person that—
(1) operates a digital asset trading platform or is a digital asset transaction facilitator; and
(2)(A) has significantly and materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of any person with respect to which sanctions have been imposed by the United States relating to...
the Russian Federation, including by facilitating
transactions that evade such sanctions; or

(B) is owned or controlled by, or acting or pur-
porting to act for or on behalf of any person with
respect to which sanctions have been imposed by the
United States relating to the Russian Federation.

(b) IMPOSITION OF SANCTIONS.—The President may
exercise all of the powers granted to the President under
the International Emergency Economic Powers Act (50
U.S.C. 1701 et seq.) to the extent necessary to block and
prohibit all transactions in property and interests in prop-
gerty of a foreign person identified in a report submitted
under subsection (a) if such property and interests in
property are in the United States, come within the United
States, or are or come within the possession or control
of a United States person.

(c) IMPLEMENTATION; PENALTIES.—

(1) IMPLEMENTATION.—The President may ex-
ercise all authorities provided under sections 203
and 205 of the International Emergency Economic
Powers Act (50 U.S.C. 1702 and 1704) to carry out
this section.

(2) PENALTIES.—A person that violates, at-
ttempts to violate, conspires to violate, or causes a
violation of this section or any regulation, license, or
order issued to carry out this section shall be subject
to the penalties set forth in subsections (b) and (c)
of section 206 of the International Emergency Eco-
nomic Powers Act (50 U.S.C. 1705) to the same ex-
tent as a person that commits an unlawful act de-
scribed in subsection (a) of that section.

(d) NATIONAL SECURITY WAIVER.—The President
may waive the imposition of sanctions under this section
with respect to a person if the President—

(1) determines that such a waiver is in the na-
tional security interests of the United States; and

(2) submits to Congress a notification of the
waiver and the reasons for the waiver.

(e) EXCEPTIONS.—

(1) EXCEPTION FOR INTELLIGENCE ACTIVI-
ties.—This section shall not apply with respect to
activities subject to the reporting requirements
under title V of the National Security Act of 1947
(50 U.S.C. 3091 et seq.) or any authorized intel-
ligence activities of the United States.

(2) EXCEPTION RELATING TO IMPORTATION OF
GOODS.—

(A) IN GENERAL.—The authority to block
and prohibit all transactions in all property and
interests in property under subsection (b) shall
not include the authority or a requirement to impose sanctions on the importation of goods.

(B) Good.—In this paragraph, the term “good” means any article, natural or manmade substance, material, supply or manufactured product, including inspection and test equipment, and excluding technical data.

SEC. 4. DISCRETIONARY PROHIBITION OF TRANSACTIONS.

The Secretary of the Treasury may require that no digital asset trading platform or digital asset transaction facilitator that does business in the United States transact with, or fulfill transactions of, digital asset addresses that are known to be, or could reasonably be known to be, affiliated with persons headquartered or domiciled in the Russian Federation if the Secretary—

(1) determines that exercising such authority is important to the national interest of the United States; and

(2) not later than 90 days after exercising the authority described in paragraph (1), submits to the appropriate congressional committees and leadership a report on the basis for any determination under that paragraph.
SEC. 5. TRANSACTION REPORTING.

Not later than 120 days after the date of enactment of this Act, the Financial Crimes Enforcement Network shall require United States persons engaged in a transaction with a value greater than $10,000 in digital assets through 1 or more accounts outside of the United States to file a report described in section 1010.350 of title 31, Code of Federal Regulations, using the form described in that section, in accordance with section 5314 of title 31, United States Code.

SEC. 6. REPORTS.

(a) IN GENERAL.—Not later than 120 days after the date of enactment of this Act, the Secretary of the Treasury shall submit to the appropriate congressional committees and leadership a report on the progress of the Department of the Treasury in carrying out this Act, including any resources needed by the Department to improve implementation and progress in coordinating with governments of countries that are allies or partners of the United States.

(b) OTHER REPORTS.—Not later than 120 days after the date of enactment of this Act, and every year thereafter, the Secretary of the Treasury shall submit to the appropriate congressional committees and leadership and make publicly available a report identifying the digital asset trading platforms that the Office of Foreign Assets
Control of the Department of the Treasury determines to be high risk for sanctions evasion, money laundering, or other illicit activities. Any exchange included in the report may petition the Office of Foreign Assets Control for removal, which shall be granted upon demonstrating that the exchange is taking steps sufficient to comply with applicable United States law.