

115TH CONGRESS
2D SESSION

H. R. 4752

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 Fund 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 10, 2018

Mr. BUDD introduced the following bill; which was referred to the Committee on Financial Services

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 Fund 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 Innovation and Defense Act”.

1 **SEC. 2. SENSE OF CONGRESS.**

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

6 **SEC. 3. INDEPENDENT FINANCIAL TECHNOLOGY TASK**
7 **FORCE.**

8 (a) ESTABLISHMENT.—There is established the Inde-
9 pendent Financial Technology Task Force (the “Task
10 Force”), which shall consist of—

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

13 (2) the Attorney General;

14 (3) the Director of the Central Intelligence
15 Agency;

16 (4) the Director of the Financial Crimes En-
17 forcement Network;

18 (5) the Director of the Secret Service;

19 (6) the Director of the Federal Bureau of In-
20 vestigations; and

21 (7) 4 individuals appointed by the Secretary of
22 the Treasury to represent the private sector (includ-
23 ing the banking industry, non-profit groups, and
24 think tanks).

25 (b) DUTIES.—The Task Force shall—

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

4 (2) develop legislative and regulatory proposals
5 to improve counter-terrorist and counter-illicit fi-
6 nancing efforts.

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

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

16 (a) IN GENERAL.—The Secretary of the Treasury, in
17 consultation with the Attorney General, shall establish a
18 program to pay a reward to any person who provides infor-
19 mation leading to the conviction of an individual involved
20 with terrorist use of digital currencies.

21 (b) USE OF APPROPRIATED FUNDS.—To the extent
22 provided in advance by appropriation Acts, the Secretary
23 may use appropriated funds to pay a reward under this
24 section with respect to information leading to a conviction
25 described under subsection (a) if the amount of fines and

1 forfeitures related to such conviction are not sufficient to
2 pay such reward.

3 (c) 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, without fur-
7 ther appropriation or fiscal year limitation—

8 (1) use such amounts to pay rewards under this
9 section related to such conviction;

10 (2) with respect to any such amounts remaining
11 after payments are made under paragraph (1), repay
12 to the general fund of the Treasury—

13 (A) any reward amounts paid using appro-
14 priated funds under subsection (b); and

15 (B) the amount of any funds appropriated
16 to the FinTech Leadership in Innovation Fund
17 established under section 5; and

18 (3) with respect to any such amounts remaining
19 after payments are made under paragraphs (2) and
20 (3), deposit such amounts in the FinTech Leader-
21 ship in Innovation Fund.

22 **SEC. 5. FINTECH LEADERSHIP IN INNOVATION FUND.**

23 (a) ESTABLISHMENT.—There is established a fund to
24 be known as the “FinTech Leadership in Innovation
25 Fund”, which shall be available to the Secretary of the

1 Treasury, without further appropriation or fiscal year lim-
2 itation, to carry out this section.

3 (b) INNOVATION GRANTS.—

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

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

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

21 (4) PREFERENCES.—In making grants under
22 this subsection, the Secretary shall give preference
23 to—

24 (A) technology that is non-proprietary or
25 that is community commons-based;

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

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

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.

23 (C) OPEN ACCESS REQUIREMENT.—Tools
24 and programs developed with a grant made
25 under this subsection shall be freely accessible

1 and usable by the public. This requirement may
2 be fulfilled by publicly availing application pro-
3 gramming interfaces or software development
4 kits.

5 **SEC. 6. DEFINITIONS.**

6 For purposes of this Act:

7 (1) **BANK SECRECY ACT.**—The term “Bank Se-
8 crecy Act” means—

9 (A) section 21 of the Federal Deposit In-
10 surance Act;

11 (B) chapter 2 of title I of Public Law 91–
12 508; and

13 (C) subchapter II of chapter 53 of title 31,
14 United States Code.

15 (2) **DIGITAL CURRENCY.**—The term “digital
16 currency”—

17 (A) means a digital representation of value
18 that—

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

21 (ii) is not legal tender, whether or not
22 denominated in legal tender; and

23 (B) does not include—

24 (i) a transaction in which a merchant
25 grants, as part of an affinity or rewards

1 program, value that cannot be taken from
2 or exchanged with the merchant for legal
3 tender, bank credit, or digital currency; or

4 (ii) a digital representation of value
5 issued by or on behalf of a publisher and
6 used solely within an online game, game
7 platform, or family of games sold by the
8 same publisher or offered on the same
9 game platform.

10 (3) **TERRORIST.**—The term “terrorist” includes
11 a person carrying out domestic terrorism or inter-
12 national terrorism (as such terms are defined, re-
13 spectively, under section 2331 of title 18, United
14 States Code).

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