

115TH CONGRESS
2D SESSION

H. R. 5036

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 27, 2018

Received; read twice and referred to the Committee on Banking, Housing, and
Urban Affairs

AN ACT

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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Financial Technology
3 Protection Act”.

4 **SEC. 2. SENSE OF CONGRESS.**

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

9 **SEC. 3. INDEPENDENT FINANCIAL TECHNOLOGY TASK**
10 **FORCE.**

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

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

16 (2) the Attorney General;

17 (3) the Director of the Central Intelligence
18 Agency;

19 (4) the Director of the Financial Crimes En-
20 forcement Network;

21 (5) the Director of the Secret Service;

22 (6) the Director of the Federal Bureau of In-
23 vestigation; and

24 (7) 6 individuals appointed by the Secretary of
25 the Treasury to represent the private sector (includ-
26 ing the banking industry, nonprofit groups, and

1 think tanks), with at least 1 of such individuals hav-
2 ing experience in the Fintech industry.

3 (b) DUTIES.—The Task Force shall—

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

7 (2) develop legislative and regulatory proposals
8 to improve counter-terrorist and counter-illicit fi-
9 nancing efforts.

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

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

19 (a) IN GENERAL.—The Secretary of the Treasury, in
20 consultation with the Attorney General, shall establish a
21 fund to pay a reward, not to exceed \$450,000, to any per-
22 son who provides information leading to the conviction of
23 an individual involved with terrorist use of digital cur-
24 rencies.

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

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

8 (2) with respect to any such amounts remaining
9 after payments are made under paragraphs (1) and
10 (2), deposit such amounts in the FinTech Leader-
11 ship in Innovation Program.

12 **SEC. 5. FINTECH LEADERSHIP IN INNOVATION PROGRAM.**

13 (a) ESTABLISHMENT.—There is established a pro-
14 gram to be known as the “FinTech Leadership in Innova-
15 tion Program”, which shall be funded as provided under
16 section 4(b)(2).

17 (b) INNOVATION GRANTS.—

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

22 (2) ELIGIBLE RECIPIENTS.—The Secretary may
23 make grants under this subsection to entities located
24 in the United States, including academic institu-
25 tions, companies, nonprofit institutions, individuals,

1 and any other entities locating in the United States
2 that the Secretary determines appropriate.

3 (3) ELIGIBLE PROJECTS.—With respect to tools
4 and programs described under paragraph (1), in ad-
5 dition to grants for the development of such tools
6 and programs, the Secretary may make grants
7 under this subsection to carry out pilot programs
8 using such tools, the development of test cases using
9 such tools, and research related to such tools.

10 (4) PREFERENCES.—In making grants under
11 this subsection, the Secretary shall give preference
12 to—

13 (A) technology that is nonproprietary or
14 that is community commons-based;

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

17 (C) tools that are proactive (such as meet-
18 ing regulatory requirements under “know your
19 customer” and anti-money laundering require-
20 ments for any entity that has to comply with
21 U.S. Government regulations) vs. reactive (such
22 as aiding law enforcement organizations in
23 catching illegal activity after the fact); and

24 (D) tools and incentives that are on decen-
25 tralized platforms.

(5) OTHER REQUIREMENTS.—

(A) USE OF EXISTING GLOBAL STANDARDS.—Any new technology developed with a grant made under this subsection shall be based on existing global standards, such as those developed by the Internet Engineering Task Force (IETF) and the World Wide Web Consortium (W3C).

(B) SUPPORTING EXISTING LAWS OR REGULATIONS.—Tools and programs developed with a grant made under this subsection shall be in support of existing laws or regulations, including the Bank Secrecy Act, and make efforts to balance privacy and anti-money laundering concerns.

(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. DEFINITIONS.

For purposes of this Act:

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

3 (A) section 21 of the Federal Deposit In-
4 surance Act;

5 (B) chapter 2 of title I of Public Law 91–
6 508; and

7 (C) subchapter II of chapter 53 of title 31,
8 United States Code.

9 (2) DIGITAL CURRENCY.—The term “digital
10 currency”—

11 (A) means a digital representation of value
12 that—

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

15 (ii) is not established legal tender,
16 whether or not denominated in established
17 legal tender; and

18 (B) does not include—

19 (i) a transaction in which a merchant
20 grants, as part of an affinity or rewards
21 program, value that cannot be taken from
22 or exchanged with the merchant for legal
23 tender, bank credit, or digital currency; or

24 (ii) a digital representation of value
25 issued by or on behalf of a publisher and

1 used solely within an online game, game
2 platform, or family of games sold by the
3 same publisher or offered on the same
4 game platform.

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

Passed the House of Representatives September 26,
2018.

Attest:

KAREN L. HAAS,
Clerk.