

Union Calendar No. 402

118TH CONGRESS
2^D SESSION

H. R. 2969

[Report No. 118–485]

To establish an Independent Financial Technology Working Group to Combat
Terrorism and Illicit Financing, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 27, 2023

Mr. NUNN of Iowa (for himself and Mr. HIMES) introduced the following bill;
which was referred to the Committee on Financial Services

MAY 6, 2024

Additional sponsors: Mr. DAVIDSON, Mr. LAWLER, and Mr. TIMMONS

MAY 6, 2024

Reported with an amendment, committed to the Committee of the Whole
House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in *italie*]

[For text of introduced bill, see copy of bill as introduced on April 27, 2023]

A BILL

To establish an Independent Financial Technology Working Group to Combat Terrorism and Illicit Financing, 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 of 2023”.*

6 **SEC. 2. INDEPENDENT FINANCIAL TECHNOLOGY WORKING**
7 **GROUP TO COMBAT TERRORISM AND ILLICIT**
8 **FINANCING.**

9 *(a) ESTABLISHMENT.—There is established the Inde-*
10 *pendent Financial Technology Working Group to Combat*
11 *Terrorism and Illicit Financing (in this section referred to*
12 *as the “Working Group”), which shall consist of the fol-*
13 *lowing:*

14 *(1) The Secretary of the Treasury, acting*
15 *through the Under Secretary for Terrorism and Fi-*
16 *nancial Intelligence, who shall serve as the chair of*
17 *the Working Group.*

18 *(2) A senior-level representative from each of the*
19 *following:*

20 *(A) Each of the following components of the*
21 *Department of the Treasury:*

22 *(i) The Financial Crimes Enforcement*
23 *Network.*

24 *(ii) The Internal Revenue Service.*

1 (iii) *The Office of Foreign Assets Con-*
2 *trol.*

3 (B) *The Department of Justice and each of*
4 *the following components of the Department:*

5 (i) *The Federal Bureau of Investiga-*
6 *tion.*

7 (ii) *The Drug Enforcement Adminis-*
8 *tration.*

9 (C) *The Department of Homeland Security*
10 *and the United States Secret Service.*

11 (D) *The Department of State.*

12 (E) *The Central Intelligence Agency.*

13 (3) *Five individuals appointed by the Under*
14 *Secretary for Terrorism and Financial Intelligence to*
15 *represent the following:*

16 (A) *Financial technology companies.*

17 (B) *Blockchain intelligence companies.*

18 (C) *Financial institutions.*

19 (D) *Institutions or organizations engaged*
20 *in research.*

21 (b) *DUTIES.—The Working Group shall—*

22 (1) *conduct research on terrorist and illicit use*
23 *of new financial technologies, including digital assets;*
24 *and*

1 (2) *develop legislative and regulatory proposals*
2 *to improve anti-money laundering, counter-terrorist,*
3 *and other counter-illicit financing efforts in the*
4 *United States.*

5 (c) *REPORTS.—*

6 (1) *IN GENERAL.—Not later than one year after*
7 *the date of the enactment of this Act, and annually*
8 *for the 3 years thereafter, the Working Group shall*
9 *submit to the Secretary of the Treasury, the heads of*
10 *each agency represented in the Working Group pursu-*
11 *ant to subsection (a)(2), and the appropriate congres-*
12 *sional committees a report containing the findings*
13 *and determinations made by the Working Group in*
14 *the previous year and any legislative and regulatory*
15 *proposals developed by the Working Group.*

16 (2) *FINAL REPORT.—Before the date on which*
17 *the Working Group terminates under subsection*
18 *(e)(1), the Working Group shall submit to the appro-*
19 *priate congressional committees a final report detail-*
20 *ing the findings, recommendations, and activities of*
21 *the Working Group.*

22 (d) *TRAVEL EXPENSES.—Members of the Working*
23 *Group shall serve without pay, but shall receive travel ex-*
24 *penses in accordance with sections 5702 and 5703 of title*
25 *5, United States Code.*

1 (e) *SUNSET.*—

2 (1) *IN GENERAL.*—*The Working Group shall,*
3 *subject to paragraph (3), terminate on the date that*
4 *is 4 years after the date of the enactment of this Act.*

5 (2) *EXPIRATION AND RETURN OF APPROPRIATED*
6 *FUNDS.*—*On the date on which the Working Group*
7 *terminates under paragraph (1)—*

8 (A) *all authorities granted to the Working*
9 *Group under this section shall expire, subject to*
10 *paragraph (3); and*

11 (B) *any funds appropriated for the Working*
12 *Group that are available for obligation as of that*
13 *date shall be returned to the Treasury.*

14 (3) *AUTHORITY TO WIND UP ACTIVITIES.*—*The*
15 *termination of the Working Group under paragraph*
16 *(1) and the expiration of authorities under paragraph*
17 *(2) shall not affect any investigations, research, or*
18 *other activities of the Working Group ongoing as of*
19 *the date on which the Working Group terminates*
20 *under paragraph (1). Such investigations, research,*
21 *and activities may continue until their completion.*

1 **SEC. 3. PREVENTING ROGUE AND FOREIGN ACTORS FROM**
2 **EVADING SANCTIONS.**

3 *(a) REPORT AND STRATEGY WITH RESPECT TO DIG-*
4 *ITAL ASSETS AND OTHER RELATED EMERGING TECH-*
5 *NOLOGIES.—*

6 *(1) IN GENERAL.—Not later than 180 days after*
7 *the date of the enactment of this Act, the President,*
8 *acting through the Secretary of the Treasury and in*
9 *consultation with the head of each agency represented*
10 *on the Independent Financial Technology Working*
11 *Group to Combat Terrorism and Illicit Financing*
12 *pursuant to section 2(a)(2), shall submit to the ap-*
13 *propriate congressional committees a report that de-*
14 *scribes—*

15 *(A) the potential uses of digital assets and*
16 *other related emerging technologies by States,*
17 *non-State actors, foreign terrorist organizations,*
18 *and other terrorist groups to evade sanctions, fi-*
19 *nance terrorism, or launder monetary instru-*
20 *ments, and threaten the national security of the*
21 *United States; and*

22 *(B) a strategy how the United States will*
23 *mitigate and prevent the illicit use of digital as-*
24 *sets and other related emerging technologies.*

25 *(2) FORM OF REPORT; PUBLIC AVAILABILITY.—*

1 (A) *IN GENERAL.*—*The report required by*
2 *paragraph (1) shall be submitted in unclassified*
3 *form, but may include a classified annex.*

4 (B) *PUBLIC AVAILABILITY.*—*The unclassi-*
5 *fied portion of each report required by para-*
6 *graph (1) shall be made available to the public*
7 *and posted on a publicly accessible website of the*
8 *Department of Treasury—*

9 (i) *in precompressed, easily*
10 *downloadable versions, in all appropriate*
11 *formats; and*

12 (ii) *in machine-readable format, if ap-*
13 *plicable.*

14 (3) *SOURCES OF INFORMATION.*—*In preparing*
15 *the reports required by paragraph (1), the President*
16 *may utilize any credible publication, database, or*
17 *web-based resource, and any credible information*
18 *compiled by any government agency, nongovern-*
19 *mental organization, or other entity that is made*
20 *available to the President.*

21 (b) *BRIEFING.*—*Not later than 2 years after the date*
22 *of the enactment of this Act, the Secretary of the Treasury*
23 *shall brief the appropriate congressional committees on the*
24 *implementation of the strategy required by subsection*
25 *(a)(2).*

1 **SEC. 4. DEFINITIONS.**

2 *In this Act:*

3 (1) *APPROPRIATE CONGRESSIONAL COMMIT-*
4 *TEES.—The term “appropriate congressional commit-*
5 *tees” means—*

6 (A) *the Committee on Banking, Housing,*
7 *and Urban Affairs, the Committee on Finance,*
8 *the Committee on Foreign Relations, the Com-*
9 *mittee on Homeland Security and Governmental*
10 *Affairs, the Committee on the Judiciary, and the*
11 *Select Committee on Intelligence of the Senate;*
12 *and*

13 (B) *the Committee on Financial Services,*
14 *the Committee on Foreign Affairs, the Committee*
15 *on Homeland Security, the Committee on the*
16 *Judiciary, the Committee on Way and Means,*
17 *and the Permanent Select Committee on Intel-*
18 *ligence of the House of Representatives.*

19 (2) *BLOCKCHAIN INTELLIGENCE COMPANY.—The*
20 *term “blockchain intelligence company” means any*
21 *business providing software, research, or other services*
22 *(such as blockchain tracing tools, geofencing, trans-*
23 *action screening, the collection of business data, and*
24 *sanctions screening) that—*

25 (A) *support private and public sector inves-*
26 *tigations and risk management activities; and*

1 (B) involve cryptographically secured dis-
2 tributed ledgers or any similar technology or im-
3 plementation.

4 (3) *DIGITAL ASSET*.—The term “digital asset”
5 means any digital representation of value that is re-
6 corded on a cryptographically secured digital ledger
7 or any similar technology.

8 (4) *FOREIGN TERRORIST ORGANIZATION*.—The
9 term “foreign terrorist organization” means an orga-
10 nization that is designated as a foreign terrorist orga-
11 nization under section 219 of the Immigration and
12 Nationality Act (8 U.S.C. 1189).

13 (5) *ILLICIT USE*.—The term “illicit use” includes
14 fraud, darknet marketplace transactions, money laun-
15 dering, the purchase and sale of illicit goods, sanc-
16 tions evasion, theft of funds, funding of illegal activi-
17 ties, transactions related to child sexual abuse mate-
18 rial, and any other financial transaction involving
19 the proceeds of specified unlawful activity (as defined
20 in section 1956(c) of title 18, United States Code).

21 (6) *TERRORIST*.—The term “terrorist” includes
22 a person carrying out domestic terrorism or inter-
23 national terrorism (as such terms are defined, respec-
24 tively, under section 2331 of title 18, United States
25 Code).

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