

114TH CONGRESS
2D SESSION

H. R. 5603

To authorize the Secretary of the Treasury to pay rewards under an asset recovery rewards program to help identify and recover stolen assets linked to foreign government corruption and the proceeds of such corruption hidden behind complex financial structures in the United States and abroad.

IN THE HOUSE OF REPRESENTATIVES

JUNE 28, 2016

Mr. LYNCH (for himself and Mr. ROTHFUS) introduced the following bill;
which was referred to the Committee on Financial Services

A BILL

To authorize the Secretary of the Treasury to pay rewards under an asset recovery rewards program to help identify and recover stolen assets linked to foreign government corruption and the proceeds of such corruption hidden behind complex financial structures in the United States and abroad.

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 (a) The Act may be cited as the “Kleptocracy Asset
5 Recovery Rewards Act”.

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

2 (a) FINDINGS.—Congress finds the following:

3 (1) The Stolen Asset Recovery Initiative
4 (StAR), a World Bank and United Nations anti-
5 money-laundering effort, estimates that between \$20
6 billion to \$40 billion has been lost to developing
7 countries annually through corruption.

8 (2) In 2014, more than \$480 million in corrup-
9 tion proceeds hidden in bank accounts around the
10 world by former Nigerian dictator Sani Abacha and
11 his co-conspirators was forfeited through efforts by
12 the Department of Justice.

13 (3) In 2010, the Department of Justice estab-
14 lished the Kleptocracy Asset Recovery Initiative, to
15 work in partnership with Federal law enforcement
16 agencies to forfeit the proceeds of foreign official
17 corruption and, where appropriate, return those pro-
18 ceeds to benefit the people harmed by these acts of
19 corruption and abuse of office.

20 (4) Of the \$20 billion to \$40 billion lost by de-
21 veloping countries annually through corruption, only
22 about \$5 billion has been repatriated in the last 15
23 years.

24 (5) Governments weakened by corruption and
25 loss of assets due to corruption have fewer resources
26 to devote to the fight against terrorism and fewer re-

1 sources to devote to building strong financial, law
2 enforcement, and judicial institutions to aid in the
3 fight against the financing of terrorism.

4 (6) The United States has a number of effective
5 programs to reward individuals who provide valuable
6 information that assist in the identification, arrest,
7 and conviction of criminal actors and their associ-
8 ates, as well as seizure and forfeiture of illicitly de-
9 rived assets and the proceeds of criminal activity.

10 (7) The Internal Revenue Service has the Whis-
11 tleblower Program, which pays awards to individuals
12 who provide specific and credible information to the
13 IRS if the information results in the collection of
14 taxes, penalties, interest or other amounts from non-
15 compliant taxpayers.

16 (8) The Department of State administers re-
17 wards programs on international terrorism, illegal
18 narcotics, and transnational organized crime with
19 the goal of bringing perpetrators to justice.

20 (9) None of these existing rewards programs
21 specifically provide monetary incentives for identi-
22 fying and recovering stolen assets linked solely to
23 foreign government corruption, as opposed to crimi-
24 nal prosecutions or civil or criminal forfeitures.

1 (10) The recovery of stolen assets linked to for-
2 foreign government corruption and the proceeds of such
3 corruption may not always involve a BSA violation
4 or lead to a forfeiture action. In such cases there
5 would be no ability to pay rewards under existing
6 Treasury Department authorities.

7 (11) Foreign government corruption can take
8 many forms but typically entails government officials
9 stealing, misappropriating, or illegally diverting as-
10 sets and funds from their own government treasuries
11 to enrich their personal wealth directly through em-
12 bezzlement or bribes to allow government resources
13 to be expended in ways that are not transparent and
14 may not either be necessary or be the result of open
15 competition. Corruption also includes situations
16 where public officials take bribes to allow govern-
17 ment resources to be expended in ways which are
18 not transparent and may not be necessary or the re-
19 sult of open competition. These corrupt officials
20 often use the United States and international finan-
21 cial system to hide their stolen assets and the pro-
22 ceeds of corruption.

23 (12) The individuals who come forward to ex-
24 pose foreign governmental corruption and kleptocra-
25 cy often do so at great risk to their own safety and

1 that of their immediate family members and face re-
2 tialiation from persons who exercise foreign political
3 or governmental power. Monetary rewards and the
4 potential award of asylum can provide a necessary
5 incentive to expose such corruption and provide a fi-
6 nancial means to provide for their well-being and
7 avoid retribution.

8 (b) SENSE OF CONGRESS.—It is the sense of Con-
9 gress that a Department of the Treasury stolen asset re-
10 covery rewards program to help identify and recover stolen
11 financial assets linked to foreign government corruption
12 and the proceeds of such corruption hidden behind com-
13 plex financial structures is needed in order to—

14 (1) intensify the global fight against corruption;

15 and

16 (2) serve United States efforts to identify and
17 recover such stolen assets, forfeit proceeds of such
18 corruption, and, where appropriate and feasible, re-
19 turn the stolen assets or proceeds thereof to the
20 country harmed by the acts of corruption.

21 **SEC. 3. IN GENERAL.**

22 (a) DEPARTMENT OF THE TREASURY KLEPTOCRACY
23 ASSET RECOVERY REWARDS PROGRAM.—Chapter 97 of
24 title 31, United States Code, is amended by adding at the
25 end the following:

1 **“§ 9706. Department of the Treasury Kleptocracy**
2 **Asset Recovery Rewards Program**

3 “(a) ESTABLISHMENT.—

4 “(1) IN GENERAL.—There is established in the
5 Department of the Treasury a program to be known
6 as the ‘Kleptocracy Asset Recovery Rewards Pro-
7 gram’ for the payment of rewards to carry out the
8 purposes of this section.

9 “(2) PURPOSE.—The rewards program shall be
10 designed to support United States Government pro-
11 grams and investigations aimed at eliminating from
12 accounts at U.S. financial institutions any stolen as-
13 sets linked to foreign government corruption and the
14 proceeds of such corruption.

15 “(3) IMPLEMENTATION.—The rewards program
16 shall be administered by, and at the sole discretion
17 of, the Secretary of the Treasury, in consultation, as
18 appropriate, with the Secretary of State, the Attor-
19 ney General, and the heads of such other depart-
20 ments and agencies as the Secretary may find ap-
21 propriate.

22 “(b) REWARDS AUTHORIZED.—In the sole discretion
23 of the Secretary and in consultation, as appropriate, with
24 the heads of other relevant Federal departments or agen-
25 cies, the Secretary may pay a reward to any individual
26 who furnishes information leading to—

1 “(1) the restraining or seizure of stolen assets
2 in an account at a U.S. financial institution, that
3 come within the United States, or that come within
4 the possession or control of any United States per-
5 son, including any foreign branch linked to foreign
6 government corruption or the proceeds of foreign
7 government corruption;

8 “(2) the forfeiture of stolen assets in an ac-
9 count at a U.S. financial institution, that come with-
10 in the United States, or that come within the posses-
11 sion or control of any United States person linked
12 to foreign government corruption or the proceeds of
13 foreign government corruption; or

14 “(3) where appropriate, the repatriation of sto-
15 len assets in an account at a U.S. financial institu-
16 tion, that come within the United States, or that
17 come within the possession or control of any United
18 States person linked to foreign government corrup-
19 tion or proceeds of foreign government corruption.

20 “(c) COORDINATION.—

21 “(1) PROCEDURES.—To ensure that the pay-
22 ment of rewards pursuant to this section does not
23 duplicate or interfere with any other payment au-
24 thorized by the Department of Justice or other Fed-
25 eral law enforcement agencies for the obtaining of

1 information or other evidence, the Secretary of the
2 Treasury, in consultation with the Secretary of
3 State, the Attorney General, and the heads of such
4 other agencies as the Secretary may find appro-
5 priate, shall establish procedures for the offering,
6 administration, and payment of rewards under this
7 section, including procedures for—

8 “(A) identifying actions with respect to
9 which rewards will be offered;

10 “(B) the receipt and analysis of data; and

11 “(C) the payment of rewards and approval
12 of such payments.

13 “(2) PRIOR APPROVAL OF THE ATTORNEY GEN-
14 ERAL REQUIRED.—Before making a reward under
15 this section in a matter over which there is Federal
16 criminal jurisdiction, the Secretary of the Treasury
17 shall obtain the written concurrence of the Attorney
18 General.

19 “(d) PAYMENT OF REWARDS.—

20 “(1) SOURCE OF PAYMENTS.—Any rewards
21 paid pursuant to this section shall be paid from the
22 Department of the Treasury Forfeiture Fund.

23 “(2) LIMITATION ON ANNUAL PAYMENTS.—Ex-
24 cept as provided under paragraph (3), the total

1 amount of rewards paid pursuant to this section
2 may not exceed \$25,000,000 in any calendar year.

3 “(3) PRESIDENTIAL AUTHORITY.—The Presi-
4 dent may waive the limitation under paragraph (2)
5 with respect to a calendar year if the President pro-
6 vides written notice of such waiver to the Secretary
7 and the appropriate committees of the Congress at
8 least 30 days before any payment in excess of such
9 limitation is made pursuant to this section.

10 “(e) LIMITATIONS AND CERTIFICATION.—

11 “(1) SUBMISSION OF INFORMATION.—No award
12 may be made under this section based on informa-
13 tion submitted to the Secretary unless such informa-
14 tion is submitted under penalty of perjury.

15 “(2) MAXIMUM AMOUNT.—No reward paid
16 under this section may exceed \$5,000,000, except as
17 personally authorized in writing by the Secretary, if
18 the Secretary determines that offer or payment of a
19 reward of a greater amount is necessary in excep-
20 tional cases.

21 “(3) APPROVAL.—

22 “(A) IN GENERAL.—No reward amount
23 may be paid under this section without the
24 written approval and certification of the Sec-
25 retary.

1 “(B) DELEGATION.—The Secretary may
2 not delegate the certification required under
3 subparagraph (A) to anyone other than an
4 Under Secretary of the Department of the
5 Treasury.

6 “(4) PROTECTION MEASURES.—If the Secretary
7 determines that the identity of the recipient of a re-
8 ward or of the members of the recipient’s immediate
9 family must be protected, the Secretary shall take
10 such measures in connection with the payment of
11 the reward as the Secretary considers necessary to
12 effect such protection.

13 “(5) FORMS OF REWARD PAYMENT.—The Sec-
14 retary may make a reward under this section in the
15 form of a monetary payment.

16 “(f) INELIGIBILITY, REDUCTION IN, OR DENIAL OF
17 REWARD.—

18 “(1) OFFICER AND EMPLOYEES.—An officer or
19 employee of any entity of Federal, State, or local
20 government or of a foreign government who, while in
21 the performance of official duties, furnishes informa-
22 tion described under subsection (b) shall not be eligi-
23 ble for a reward under this section.

24 “(2) PARTICIPATING INDIVIDUALS.—If the
25 claim for a reward is brought by an individual who

1 planned, initiated, directly participated in, or facili-
2 tated the actions that led to assets of a foreign state
3 or governmental entity being stolen, misappro-
4 priated, or illegally diverted or to the payment of
5 bribes or other foreign governmental corruption, the
6 Secretary may appropriately reduce such award. If
7 such individual is convicted of criminal conduct aris-
8 ing from the role described in the preceding sen-
9 tence, the Secretary shall deny any reward.

10 “(g) DETERMINATIONS OF SECRETARY.—A deter-
11 mination made by the Secretary under this section shall
12 be final and conclusive and shall not be subject to judicial
13 review.

14 “(h) REPORT.—

15 “(1) IN GENERAL.—Within 180 days of the en-
16 actment of this section, and annually thereafter, the
17 Secretary shall issue a report to the appropriate
18 committees of the Congress—

19 “(A) detailing to the greatest extent pos-
20 sible the amount, location, and ownership or
21 beneficial ownership of any stolen assets that,
22 on or after the date of the enactment of this
23 section, come within the United States or that
24 come within the possession or control of any

1 United States person, including any foreign
2 branch;

3 “(B) discussing efforts being undertaken
4 to identify more such stolen assets and their
5 owners or beneficial owners; and

6 “(C) including a discussion of the inter-
7 actions of the Department of the Treasury with
8 the international financial institutions (as de-
9 fined in section 1701(c)(2) of the International
10 Financial Institutions Act) to identify the
11 amount, location, and ownership, or beneficial
12 ownership, of stolen assets held in financial in-
13 stitutions outside the United States.

14 “(2) EXCEPTION FOR ONGOING INVESTIGA-
15 TIONS.—The report issued under paragraph (1)
16 shall not include information related to ongoing in-
17 vestigations.

18 “(i) DEFINITIONS.—For purposes of this section:

19 “(1) APPROPRIATE COMMITTEES OF THE CON-
20 GRESS.—The term ‘appropriate committees of the
21 Congress’ means the Committees on Financial Serv-
22 ices, Foreign Affairs, and the Judiciary of the House
23 of Representatives and the Committees on Banking,
24 Housing, and Urban Affairs, Foreign Relations, and
25 the Judiciary of the Senate.

1 “(2) FINANCIAL ASSET.—The term ‘financial
2 asset’ means any funds, as defined by the Secretary,
3 that on or after the date of the enactment of this
4 section come within the United States or that come
5 within the possession or control of any United States
6 person, including any foreign branch. Such term
7 shall include—

8 “(A) cash;

9 “(B) equity; or

10 “(C) any other intangible asset whose
11 value is derived from a contractual claim, in-
12 cluding bank deposits, bonds, stocks, a security
13 as defined in section 2(a) of the Securities Act
14 of 1933 (15 U.S.C. 77b(a)), or a security or an
15 equity security as defined in section 3(a) of the
16 Securities Exchange Act of 1934 (15 U.S.C.
17 78c(a)).

18 “(3) FOREIGN GOVERNMENT CORRUPTION.—

19 The term foreign government corruption includes
20 bribery of a foreign public official, or the misappro-
21 priation, theft, or embezzlement of public funds or
22 property by or for the benefit of a foreign public of-
23 ficial.

24 “(4) IMMEDIATE FAMILY MEMBER.—The term
25 ‘immediate family member’, with respect to an indi-

1 vidual, has the meaning given the term ‘member of
2 the immediate family’ under section 36(k) of the
3 State Department Basic Authorities Act of 1956 (22
4 U.S.C. 2708(k)).

5 “(5) REWARDS PROGRAM.—The term ‘rewards
6 program’ means the program established in sub-
7 section (a)(1) of this section.

8 “(6) SECRETARY.—The term ‘Secretary’ means
9 the Secretary of the Treasury.

10 “(7) STOLEN ASSETS.—The term ‘stolen assets’
11 means financial assets within the jurisdiction of the
12 United States, constituting, derived from, or trace-
13 able to, any proceeds obtained directly or indirectly
14 from foreign government corruption.”.

15 (b) REPORT ON DISPOSITION OF RECOVERED AS-
16 SETS.—Within 180 days of the enactment of this Act, the
17 Secretary of the Treasury shall issue a report to the ap-
18 propriate committees of Congress (as defined under sec-
19 tion 9706(i) of title 31, United States Code) describing
20 policy choices for disposition of stolen assets recovered
21 pursuant to section 9706 of title 31, United States Code.

22 (c) TABLE OF CONTENTS AMENDMENT.—The table
23 of contents for chapter 97 of title 31, United States Code,
24 is amended by adding at the end the following:

“9706. Department of the Treasury Kleptocracy Asset Recovery Rewards Program.”

