

117TH CONGRESS
2D SESSION

H. R. 7067

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 HOUSE OF REPRESENTATIVES

MARCH 11, 2022

Mr. SHERMAN introduced the following bill; which was referred to the Committee on Foreign Affairs, and in addition to the Committee on Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Closing Loopholes in
5 Russia Sanctions Act of 2022”.

6 **SEC. 2. APPLICABILITY.**

7 This Act applies to any person engaged in the busi-
8 ness of effecting transactions in digital assets for the ac-

1 count of others, including any communication protocol sys-
2 tems or other similar systems using decentralized finance
3 technology or other similar technology to provide trans-
4 actional services, including digital wallets, digital asset
5 trading platforms, digital asset exchanges, and digital
6 asset mining services.

7 **SEC. 3. DEFINITIONS.**

8 In this Act:

9 (1) **DIGITAL ASSETS.**—The term “digital as-
10 sets” includes—

11 (A) any digital representation of value
12 which is recorded on a cryptographically se-
13 cured distributed ledger or any similar tech-
14 nology, as specified by the Secretary of the
15 Treasury; and

16 (B) nonfungible tokens and other digital
17 assets using blockchain or other similar tech-
18 nology.

19 (2) **DIGITAL ASSET EXCHANGE.**—The term
20 “digital asset exchange” or “virtual currency ex-
21 change” includes—

22 (A) an entity such as a State-licensed
23 money services business or money transmitting
24 business, as defined in section 5330 of title 31,
25 United States Code; and

1 (B) a financial institution that exchanges
2 virtual currency or digital assets.

3 (3) DIGITAL ASSET WALLETS.—The term “dig-
4 ital asset wallets” mean interfaces for storing and
5 transferring digital assets.

6 (4) FOREIGN PERSON.—The term “foreign per-
7 son” means an individual or entity that is not a
8 United States person.

9 (5) HOSTED WALLETS.—The term “hosted wal-
10 let” means a digital account hosted by a third-party
11 financial institution that allows the account holder
12 to store, send, and receive cryptocurrency and digital
13 assets.

14 (6) UNHOSTED WALLETS.—The term
15 “unhosted wallets” means a digital wallet that is not
16 hosted by a third-party financial system, including
17 software hosted on a computer, phone, or other de-
18 vice of a person.

19 (7) UNITED STATES PERSON.—The term
20 “United States person” means—

21 (A) an individual who is a United States
22 citizen or an alien lawfully admitted for perma-
23 nent residence to the United States; or

24 (B) an entity organized under the laws of
25 the United States or any jurisdiction within the

1 United States, including a foreign branch of
2 such an entity.

3 **SEC. 4. IMPOSITION OF SANCTIONS WITH RESPECT TO THE**
4 **USE OF CRYPTOCURRENCY TO FACILITATE**
5 **TRANSACTIONS BY RUSSIAN PERSONS SUB-**
6 **JECT TO SANCTIONS.**

7 (a) IN GENERAL.—As soon as practicable after the
8 date of the enactment of this Act, the President may exer-
9 cise all of the powers granted to the President under the
10 International Emergency Economic Powers Act (50
11 U.S.C. 1701 et seq.) to the extent necessary to block and
12 prohibit all transactions in property and interests in prop-
13 erty of a foreign person described in subsection (b) if such
14 property and interests in property are in the United
15 States, come within the United States, or are or come
16 within the possession or control of a United States person.

17 (b) FOREIGN PERSONS DESCRIBED.—A foreign per-
18 son described in this subsection is a foreign person—

19 (1) that operates a digital asset exchange or is
20 otherwise a part of the digital asset industry; and

21 (2) that facilitates, directly or indirectly, trans-
22 actions for any person with respect to which sanc-
23 tions have been imposed by the United States for ac-
24 tions relating to the Russian Federation, including

1 transactions that facilitate the evasion of such sanc-
2 tions.

3 (c) IMPLEMENTATION; PENALTIES.—

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

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

18 (d) EXCEPTION RELATING TO IMPORTATION OF
19 GOODS.—

20 (1) IN GENERAL.—The requirement to block
21 and prohibit all transactions in all property and in-
22 terests in property under subsection (a) shall not in-
23 clude the authority or a requirement to impose sanc-
24 tions on the importation of goods.

1 (2) GOOD.—In this subsection, the term “good”
2 means any article, natural or manmade substance,
3 material, supply or manufactured product, including
4 inspection and test equipment, and excluding tech-
5 nical data.

6 **SEC. 5. VIRTUAL CURRENCY EXCHANGES.**

7 No digital asset exchange that does business in the
8 United States shall transact with, or fulfill transactions
9 of, hosted wallets and unhosted wallets or cryptocurrency
10 addresses that are known to be, or could reasonably be
11 known to be, affiliated with persons headquartered in the
12 Russian Federation.

13 **SEC. 6. TRANSACTIONS REPORTS.**

14 (a) IN GENERAL.—Not later than 60 days after the
15 date of enactment of this Act, the Financial Crimes En-
16 forcement Network shall require United States taxpayers
17 holding greater than \$10,000 in cryptocurrency in ac-
18 counts outside of the United States to file a report de-
19 scribed in section 1010.350 of title 31, Code of Federal
20 Regulations, using the form described in that section, in
21 accordance with section 5314 of title 31, United States
22 Code.

23 (b) RULEMAKING.—Not later than 60 days after the
24 date of enactment of this Act, the Secretary of the Treas-
25 ury shall finalize rulemaking requiring banks and money

1 service businesses to submit reports, keep records, and
2 verify the identity of customers in relation to transactions
3 involving convertible virtual currency or digital assets held
4 in unhosted wallets.

5 **SEC. 7. REPORT.**

6 Not later than 60 days after the date of enactment
7 of this Act, the Secretary of the Treasury shall submit
8 to Congress a report on the progress of the Department
9 of the Treasury in carrying out this Act, including any
10 resources needed by the Department to improve implemen-
11 tation and progress in coordinating with governments of
12 countries that are allies or partners of the United States.

13 **SEC. 8. SUNSET.**

14 Sections 4 and 5 shall cease to have effect on the
15 date on which the President certifies to Congress that all
16 sanctions imposed by the United States with respect to
17 the Russian Federation have terminated.

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