

117<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 7338

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## AN ACT

To require congressional notification prior to payments of Department of State rewards using cryptocurrencies, 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 “Russia Cryptocurrency  
3 Transparency Act”.

4 **SEC. 2. FINDINGS.**

5 Congress finds the following:

6 (1) On February 24, 2022, the Government of  
7 the Russian Federation, led by Vladimir Putin,  
8 launched an unprovoked, full-scale invasion of  
9 Ukraine.

10 (2) This unprovoked act of aggression violates  
11 Ukraine’s right to independence, sovereignty, and  
12 territorial integrity, and constitutes an emergency in  
13 international relations.

14 (3) The invasion by the Government of the  
15 Russian Federation of Ukraine caused significant  
16 displacement in Ukraine and triggered a broader hu-  
17 manitarian crisis in Europe.

18 (4) On March 23, 2022, the Department of  
19 State released a statement assessing that the Rus-  
20 sian Armed Forces committed war crimes by launch-  
21 ing indiscriminate attacks on civilians and non-mili-  
22 tary infrastructure, including apartment buildings,  
23 schools, and hospitals, leaving thousands of innocent  
24 civilians killed or wounded.

25 (5) The United Nations Office for Coordination  
26 of Humanitarian Affairs has projected that, over the

1 next three months, 12,000,000 people living in  
2 Ukraine will need humanitarian assistance,  
3 6,700,000 people will be internally displaced, and  
4 4,000,000 people will flee Ukraine.

5 (6) Rapid humanitarian assistance is necessary  
6 across sectors to address the needs of refugees and  
7 internally displaced persons from Ukraine.

8 (7) Cryptocurrency has been used as an effec-  
9 tive cross-border payment tool to send millions to  
10 the Ukrainian Government, Ukrainian army, and  
11 Ukrainian refugees with limited access to financial  
12 services.

13 (8) In response to the war of aggression by the  
14 Government of the Russian Federation, the United  
15 States has imposed an array of sanctions, cutting off  
16 major Russian financial institutions from Western  
17 markets and freezing the assets of numerous Rus-  
18 sian oligarchs.

19 (9) Given that regimes sanctioned by the  
20 United States have used cryptocurrencies to evade  
21 sanctions, there are increasing concerns that these  
22 digital assets may be used to circumvent the sanc-  
23 tions now imposed on Russia and Belarus by the  
24 United States and other foreign countries.

1 **SEC. 3. CONGRESSIONAL NOTIFICATIONS FOR STATE DE-**  
2 **PARTMENT CRYPTOCURRENCY REWARDS.**

3 (a) CONGRESSIONAL NOTIFICATION.—Subsection (e)  
4 of section 36 of the State Department Basic Authorities  
5 Act of 1956 (22 U.S.C. 2708) is amended by adding at  
6 the end the following new paragraph:

7 “(7) The Secretary of State shall notify the ap-  
8 propriate congressional committees not later than 15  
9 days before paying out a reward in cryptocurrency.”.

10 (b) REPORT.—Not later than 180 days after the date  
11 of the enactment of this Act, the Secretary of State shall  
12 submit to the appropriate congressional committees a re-  
13 port on the use of cryptocurrency as a part of the Depart-  
14 ment of State Rewards program that—

15 (1) explains why the Department of State made  
16 the determination to pay out rewards in  
17 cryptocurrency;

18 (2) lists each cryptocurrency payment already  
19 provided by the State Department;

20 (3) provides evidence as to why cryptocurrency  
21 payments would be more likely to induce whistle-  
22 blowers to come forward with information than re-  
23 wards paid out in United States dollars or other  
24 prizes;

1           (4) analyzes how the State Department’s use of  
2           cryptocurrency could undermine the dollar’s status  
3           as the global reserve currency; and

4           (5) examines if the State Department’s use of  
5           cryptocurrency could provide bad actors with addi-  
6           tional hard-to-trace funds that could be used for  
7           criminal or illicit purposes.

8           (c) APPROPRIATE COMMITTEES OF CONGRESS DE-  
9           FINED.—In this section, the term “appropriate commit-  
10          tees of Congress” means—

11           (1) the Committee on Foreign Affairs of the  
12          House of Representatives;

13           (2) the Committee on Foreign Relations of the  
14          Senate.

15   **SEC. 4. REPORT ON BLOCKCHAIN USAGE FOR UKRANIAN**  
16                           **HUMANITARIAN NEEDS.**

17          (a) IN GENERAL.—Not later than 30 days after the  
18          date of the enactment of this Act, the Secretary of State,  
19          in coordination with the Secretary of the Treasury and  
20          the Administrator of the United States Agency for Inter-  
21          national Development, shall submit to the appropriate  
22          congressional committees a report on the most effective  
23          avenues to promote economic development and provide hu-  
24          manitarian aid to Ukraine, including possible uses of

1 cryptocurrencies or other technologies incorporating  
2 blockchains. Such report shall—

3           (1) review and analyze the advantages offered  
4           by cross-border transactions involving digital assets  
5           relative to other traditional avenues for cross-border  
6           humanitarian relief payments and the reasons for  
7           those advantages, including structural barriers which  
8           may impact the cost, efficiency, and reliability of  
9           traditional payment channels; and

10           (2) also review and analyze ways in which tech-  
11           nologies incorporating blockchains can—

12                   (A) assist in the care, support, or resettlement  
13                   of refugees and internally displaced persons  
14                   from Ukraine;

15                   (B) address humanitarian access chal-  
16                   lenges and ensure the effective delivery of such  
17                   assistance to persons from Ukraine;

18                   (C) increase efficiency, accountability, and  
19                   transparency in the administration of humani-  
20                   tarian aid provided by the United States to per-  
21                   sons from Ukraine;

22                   (D) prevent corruption through the use of  
23                   “web3” technologies;

24                   (E) improve access to capital; and

1 (F) bolster the efficiency and reliability of  
2 cross-border remittances.

3 (b) FORM.—The report required under subsection (a)  
4 shall be submitted in unclassified form and may include  
5 a classified annex.

6 (c) APPROPRIATE CONGRESSIONAL COMMITTEES DE-  
7 FINED.—In this section, the term “appropriate congres-  
8 sional committees” means—

9 (1) the Committee on Foreign Affairs and the  
10 Committee on Financial Services of the House of  
11 Representatives; and

12 (2) the Committee on Foreign Relations and  
13 the Committee on Banking, Housing, and Urban Af-  
14 fairs of the Senate.

15 **SEC. 5. EFFECTIVENESS AND ENFORCEMENT OF SANC-**  
16 **TIONS.**

17 (a) SENSE OF CONGRESS.—It is the sense of Con-  
18 gress that—

19 (1) on March 9, 2022, President Biden issued  
20 an Executive Order outlining a national policy to  
21 mitigate the risks, and harness the potential benefits  
22 of, digital assets and distributed ledger technology;

23 (2) the growing development and adoption of  
24 digital assets have created an urgent need for the  
25 United States to play a leading role in the global fi-

1 nancial system and facilitate technological innova-  
2 tion;

3 (3) these developments have had significant im-  
4 plications that pose risks to the financial stability  
5 and national security interest of the United States,  
6 including issues relating to privacy and surveillance;

7 (1) the United States Government must—

8 (A) ensure the efficacy and enforcement of  
9 the United States’ sanctions regime by pre-  
10 venting the misuse of digital assets, which can  
11 facilitate transactions by Russian persons sub-  
12 ject to sanctions;

13 (B) mitigate national security liabilities  
14 and systemic financial risks posed by the mis-  
15 use of digital assets by developing policy rec-  
16 ommendations and addressing existing regu-  
17 latory gaps; and

18 (C) maintain technological leadership to  
19 promote United States global competitiveness  
20 and play a leading role in the global governance  
21 of digital assets.

22 (b) REPORT.—

23 (1) IN GENERAL.—Not later than 180 days  
24 after the date of the enactment of this Act, the Sec-  
25 retary of the Treasury, in consultation with the Sec-



1       retary of State, shall submit a report to the appro-  
2       priate congressional committees that provides an as-  
3       sessment on how digital currencies affect the effec-  
4       tiveness and enforcement of United States sanctions  
5       against the Russian Federation and actors subject to  
6       sanctions related to the Russian Federation’s inva-  
7       sion of Ukraine.

8               (2) MATTERS TO BE INCLUDED.—The report  
9       under paragraph (1) shall—

10               (A) describe any efforts by the Russian  
11               Federation or persons subject to sanctions re-  
12               lated to the Russian Federation’s invasion of  
13               Ukraine to utilize digital assets to evade the  
14               sanctions regimes of the United States and its  
15               international allies and partners;

16               (B) describe any efforts by persons subject  
17               to sanctions related to the Russian Federation’s  
18               invasion of Ukraine to use decentralized finance  
19               technology or other similar technology to effect  
20               transactions, including digital wallets, digital  
21               asset trading platforms, and digital asset ex-  
22               changes;

23               (C) assess how the use or adoption of dig-  
24               ital currencies could undermine the national se-  
25               curity interests of the United States and impact

1 the efficacy and enforcement of sanctions, , and  
2 the enforcement of anti-money laundering pro-  
3 visions;

4 (D) detail actions taken by the United  
5 States government to work with private sector  
6 actors to combat the evasion of sanctions im-  
7 posed by the United States; and

8 (E) include recommendations for new legis-  
9 lative and regulatory measures needed to  
10 strengthen the United States Government’s  
11 ability to prevent any states, state-sponsored  
12 actors, and non-state-sponsored actors from  
13 using digital currencies to evade sanctions im-  
14 posed by the United States Government.

15 (c) APPROPRIATE COMMITTEES OF CONGRESS DE-  
16 FINED.—In this section, the term “appropriate commit-  
17 tees of Congress” means—

18 (1) the Committee on Foreign Affairs of the  
19 House of Representatives;

20 (2) the Committee on Financial Services of the  
21 House of Representatives;

22 (3) the Committee on Foreign Relations of the  
23 Senate; and

24 (4) the Committee on Banking, Housing, and  
25 Urban Affairs of the Senate.

1           (d) REPORT FORM.—The report required under sub-  
2 section (b) shall be submitted in unclassified form with  
3 a classified annex, if necessary.

          Passed the House of Representatives September 20,  
2022.

Attest:

*Clerk.*

117<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

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