

118TH CONGRESS
1ST SESSION

S. 1340

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

IN THE SENATE OF THE UNITED STATES

APRIL 27, 2023

Mr. BUDD (for himself and Mrs. GILLIBRAND) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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”.

1 **SEC. 2. INDEPENDENT FINANCIAL TECHNOLOGY WORKING**
2 **GROUP TO COMBAT TERRORISM AND ILLICIT**
3 **FINANCING.**

4 (a) ESTABLISHMENT.—There is established the Inde-
5 pendent Financial Technology Working Group to Combat
6 Terrorism and Illicit Financing (in this section referred
7 to as the “Working Group”), which shall consist of the
8 following:

9 (1) The Secretary of the Treasury, acting
10 through the Under Secretary for Terrorism and Fi-
11 nancial Intelligence, who shall serve as the chair of
12 the Working Group.

13 (2) A senior-level representative from each of
14 the following:

15 (A) Each of the following components of
16 the Department of the Treasury:

17 (i) The Financial Crimes Enforcement
18 Network.

19 (ii) The Internal Revenue Service.

20 (iii) The Office of Foreign Assets
21 Control.

22 (B) The Department of Justice and each
23 of the following components of the Department:

24 (i) The Federal Bureau of Investiga-
25 tion.

1 (ii) The Drug Enforcement Adminis-
2 tration.

3 (C) The Department of Homeland Security
4 and the United States Secret Service.

5 (D) The Department of State.

6 (E) The Central Intelligence Agency.

7 (3) Five individuals appointed by the Under
8 Secretary for Terrorism and Financial Intelligence
9 to represent the following:

10 (A) Financial technology companies.

11 (B) Blockchain intelligence companies.

12 (C) Financial institutions.

13 (D) Institutions or organizations engaged
14 in research.

15 (b) DUTIES.—The Working Group shall—

16 (1) conduct research on terrorist and illicit use
17 of new financial technologies, including digital as-
18 sets; and

19 (2) develop legislative and regulatory proposals
20 to improve anti-money laundering, counter-terrorist,
21 and other counter-illicit financing efforts in the
22 United States.

23 (c) REPORTS.—

24 (1) IN GENERAL.—Not later than one year
25 after the date of the enactment of this Act, and an-

1 nually for the 3 years thereafter, the Working Group
2 shall submit to the Secretary of the Treasury, the
3 heads of each agency represented in the Working
4 Group pursuant to subsection (a)(2), and the appro-
5 priate congressional committees a report containing
6 the findings and determinations made by the Work-
7 ing Group in the previous year and any legislative
8 and regulatory proposals developed by the Working
9 Group.

10 (2) FINAL REPORT.—Before the date on which
11 the Working Group terminates under subsection
12 (e)(1), the Working Group shall submit to the ap-
13 propriate congressional committees a final report de-
14 tailing the findings, recommendations, and activities
15 of the Working Group.

16 (d) TRAVEL EXPENSES.—Members of the Working
17 Group shall serve without pay, but shall receive travel ex-
18 penses in accordance with sections 5702 and 5703 of title
19 5, United States Code.

20 (e) SUNSET.—

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

1 (2) EXPIRATION AND RETURN OF APPRO-
2 PRIATED FUNDS.—On the date on which the Work-
3 ing Group terminates under paragraph (1)—

4 (A) all authorities granted to the Working
5 Group under this section shall expire, subject to
6 paragraph (3); and

7 (B) any funds appropriated for the Work-
8 ing Group that are available for obligation as of
9 that date shall be returned to the Treasury.

10 (3) AUTHORITY TO WIND UP ACTIVITIES.—The
11 termination of the Working Group under paragraph
12 (1) and the expiration of authorities under para-
13 graph (2) shall not affect any investigations, re-
14 search, or other activities of the Working Group on-
15 going as of the date on which the Working Group
16 terminates under paragraph (1). Such investigations,
17 research, and activities may continue until their
18 completion.

19 **SEC. 3. PREVENTING ROGUE AND FOREIGN ACTORS FROM**
20 **EVADING SANCTIONS.**

21 (a) REPORT AND STRATEGY WITH RESPECT TO DIG-
22 ITAL ASSETS AND OTHER RELATED EMERGING TECH-
23 NOLOGIES.—

24 (1) IN GENERAL.—Not later than 180 days
25 after the date of the enactment of this Act, the

1 President, acting through the Secretary of the
2 Treasury and in consultation with the head of each
3 agency represented on the Independent Financial
4 Technology Working Group to Combat Terrorism
5 and Illicit Financing pursuant to section 2(a)(2),
6 shall submit to the appropriate congressional com-
7 mittees a report that describes—

8 (A) the potential uses of digital assets and
9 other related emerging technologies by states,
10 non-state actors, foreign terrorist organizations,
11 and other terrorist groups to evade sanctions,
12 finance terrorism, or launder monetary instru-
13 ments, and threaten United States national se-
14 curity; and

15 (B) a strategy how the United States will
16 mitigate and prevent the illicit use of digital as-
17 sets and other related emerging technologies.

18 (2) FORM OF REPORT; PUBLIC AVAILABILITY.—

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

22 (B) PUBLIC AVAILABILITY.—The unclassi-
23 fied portion of each report required by para-
24 graph (1) shall be made available to the public

1 and posted on a publicly accessible website of
2 the Department of the Treasury—

3 (i) in precompressed, easily
4 downloadable versions, in all appropriate
5 formats; and

6 (ii) in machine-readable format, if ap-
7 plicable.

8 (3) SOURCES OF INFORMATION.—In preparing
9 the reports required by paragraph (1), the President
10 may utilize any credible publication, database, or
11 web-based resource, and any credible information
12 compiled by any government agency, nongovern-
13 mental organization, or other entity that is made
14 available to the President.

15 (b) BRIEFING.—Not later than 2 years after the date
16 of the enactment of this Act, the Secretary of the Treasury
17 shall brief the appropriate congressional committees on
18 the implementation of the strategy required by subsection
19 (a)(2).

20 **SEC. 4. DEFINITIONS.**

21 In this Act:

22 (1) APPROPRIATE CONGRESSIONAL COMMIT-
23 TEES.—The term “appropriate congressional com-
24 mittees” means—

1 (A) the Committee on Banking, Housing,
2 and Urban Affairs, the Committee on Finance,
3 the Committee on Foreign Relations, the Com-
4 mittee on Homeland Security and Govern-
5 mental Affairs, the Committee on the Judiciary,
6 and the Select Committee on Intelligence of the
7 Senate; and

8 (B) the Committee on Financial Services,
9 the Committee on Foreign Affairs, the Com-
10 mittee on Homeland Security, the Committee
11 on the Judiciary, the Committee on Way and
12 Means, and the Permanent Select Committee
13 on Intelligence of the House of Representatives.

14 (2) BLOCKCHAIN INTELLIGENCE COMPANY.—

15 The term “blockchain intelligence company” means
16 any business providing software, research, or other
17 services (such as blockchain tracing tools,
18 geofencing, transaction screening, the collection of
19 business data, and sanctions screening) that—

20 (A) support private and public sector in-
21 vestigations and risk management activities;
22 and

23 (B) involve cryptographically secured dis-
24 tributed ledgers or any similar technology or
25 implementation.

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

5 (4) FOREIGN TERRORIST ORGANIZATION.—The
6 term “foreign terrorist organization” means an or-
7 ganization that is designated as a foreign terrorist
8 organization under section 219 of the Immigration
9 and Nationality Act (8 U.S.C. 1189).

10 (5) ILLICIT USE.—The term “illicit use” in-
11 cludes fraud, darknet marketplace transactions,
12 money laundering, the purchase and sale of illicit
13 goods, sanctions evasion, theft of funds, funding of
14 illegal activities, transactions related to child sexual
15 abuse material, and any other financial transaction
16 involving the proceeds of specified unlawful activity
17 (as defined in section 1956(c) of title 18, United
18 States Code).

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

○