

117TH CONGRESS
2D SESSION

H. R. 7338

To require congressional notification prior to payments of Department of State rewards using cryptocurrencies, authorize the appointment of a Director of Digital Currency Security in the Office of Economic Sanctions Policy and Implementation of the Department of State, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 31, 2022

Mr. MEEKS (for himself and Mr. McCAUL) 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 require congressional notification prior to payments of Department of State rewards using cryptocurrencies, authorize the appointment of a Director of Digital Currency Security in the Office of Economic Sanctions Policy and Implementation of the Department of State, 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 the growing development and adop-
20 tion of blockchain technologies and digital cur-
21 rencies, there are increasing concerns that digital as-
22 sets, such as cryptocurrencies, may be used to cir-
23 cumvent the United States sanctions regime, as well
24 as those of foreign countries.

1 **SEC. 3. CONGRESSIONAL NOTIFICATION FOR REWARDS**
2 **PAID USING CRYPTOCURRENCIES.**

3 (a) IN GENERAL.—Section 36(e)(6) of the State De-
4 partment Basic Authorities Act of 1956 (22 U.S.C.
5 2708(e)(6)) is amended by adding at the end the following
6 new sentence: “Not later than 15 days before making a
7 reward in a form that includes cryptocurrency, the Sec-
8 retary of State shall notify the Committee on Foreign Af-
9 fairs of the House of Representatives and the Committee
10 on Foreign Relations of the Senate of such form for the
11 reward.”

12 (b) REPORT.—Not later than 180 days after the date
13 of the enactment of this Act, the Secretary of State shall
14 submit to the Committee on Foreign Affairs of the House
15 of Representatives and the Committee on Foreign Rela-
16 tions of the Senate a report on the use of cryptocurrency
17 as a part of the Department of State Rewards program
18 established under section 36(a) of the State Department
19 Basic Authorities Act of 1956 (22 U.S.C. 2708(a)) that—

20 (1) justifies any determination of the Secretary
21 to make rewards under such program in a form that
22 includes cryptocurrency;

23 (2) lists each cryptocurrency payment made
24 under such program as of the date of the submission
25 of the report;

1 (3) provides evidence of the manner and extent
2 to which cryptocurrency payments would be more
3 likely to induce whistleblowers to come forward with
4 information than rewards paid out in United States
5 dollars or other forms of money or nonmonetary
6 items; and

7 (4) examines whether the Department's use of
8 cryptocurrency could provide bad actors with addi-
9 tional hard-to-trace funds that could be used for
10 criminal or illicit purposes.

11 **SEC. 4. AUTHORIZATION FOR DIRECTOR OF DIGITAL CUR-**
12 **RENCY SECURITY.**

13 (a) APPOINTMENT.—Not later than 90 days after the
14 date of the enactment of this Act, the Secretary of State
15 shall appoint a Director of Digital Currency Security in
16 the Office of Economic Sanctions Policy and Implementa-
17 tion.

18 (b) DUTIES.—The Director appointed pursuant to
19 subsection (a) shall be responsible for the following:

20 (1) Reviewing and analyzing the manner and
21 extent to which digital currencies are impacting the
22 United States sanctions regime.

23 (2) Assisting in the development of sanctions
24 policy and implementation that is resilient to the use
25 of digital currencies by malevolent actors.

1 (3) Coordinating with the Office of Foreign As-
2 sets Control and the Financial Crime Enforcement
3 Network of the Department of the Treasury, as ap-
4 propriate, to share information and develop best
5 practices.

6 (4) Engaging with private sector actors to
7 broaden understanding of the digital currency eco-
8 system, further comprehend economic costs and ben-
9 efits, and encourage coordination and partnership in
10 isolating bad actors.

11 **SEC. 5. REPORT ON BLOCKCHAIN TECHNOLOGY USAGE TO**
12 **ADDRESS UKRANIAN HUMANITARIAN NEEDS.**

13 Not later than 30 days after the date of the enact-
14 ment of this Act, the Secretary of State, in coordination
15 with the Secretary of the Treasury and the Administrator
16 of the United States Agency for International Develop-
17 ment, shall submit to the Committee on Foreign Affairs
18 of the House of Representatives and the Committee on
19 Foreign Relations of the Senate an unclassified report on
20 the possible uses of cryptocurrencies or other technologies
21 incorporating blockchains to promote economic develop-
22 ment and provide humanitarian aid to Ukraine. Such re-
23 port shall also review and analyze ways in which tech-
24 nologies incorporating blockchains can—

1 (1) assist in the care, support, or resettlement
2 of refugees and internally displaced persons from
3 Ukraine;

4 (2) address humanitarian access challenges and
5 ensure the effective delivery of such assistance to
6 persons from Ukraine;

7 (3) increase efficiency, accountability, and
8 transparency in the administration of humanitarian
9 aid provided by the United States to persons from
10 Ukraine;

11 (4) prevent corruption through the use of
12 “web3” technologies;

13 (5) improve access to capital; and

14 (6) bolster the efficiency and reliability of cross-
15 border remittances.

16 **SEC. 6. REPORT ON THE EFFECTIVENESS AND ENFORCE-**
17 **MENT OF SANCTIONS.**

18 (a) SENSE OF CONGRESS.—It is the sense of Con-
19 gress as follows:

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

24 (2) The growing development and adoption of
25 digital assets have created an urgent need for the

1 United States to play a leading role in the global fi-
2 nancial system and facilitate technological innova-
3 tion.

4 (3) These developments have had significant
5 implications that pose risks to the financial stability
6 and national security interest of the United States,
7 including issues relating to privacy and surveillance.

8 (4) The United States Government must—

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

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

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

23 (b) REPORT.—

24 (1) IN GENERAL.—Not later than 30 days after
25 the date of the enactment of this Act, the Secretary

1 of State, in consultation with the Secretary of the
2 Treasury, shall submit to the appropriate congressional
3 committees a report assessing the manner and
4 extent to which digital currencies can affect the effectiveness
5 and enforcement of United States sanctions against the Russian
6 Federation and against actors subject to sanctions relating to the Russian
7 Federation's invasion of Ukraine.

9 (2) MATTERS TO BE INCLUDED.—The report
10 required by paragraph (1) shall—

11 (A) describe any efforts by the Russian
12 Federation or persons subject to sanctions related to the Russian
13 Federation's invasion of Ukraine to use digital assets to evade the
14 sanctions regime of the United States or its international allies
15 and partners;

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

22 (C) assess how the use or adoption of digital
23 currencies could undermine the national se-

1 security interests of the United States and impact
2 the efficacy and enforcement of sanctions and
3 anti-money laundering provisions;

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

8 (E) include recommendations for new legis-
9 lative and regulatory measures needed to
10 strengthen the ability of the United States to
11 prevent states, state-sponsored actors, and non-
12 state-sponsored actors from using digital cur-
13 rencies to evade sanctions imposed by the
14 United States.

15 (3) APPROPRIATE CONGRESSIONAL COMMIT-
16 TEES.—In this subsection, the term “appropriate
17 congressional committees” means—

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

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

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

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

- 1 (4) FORM.—The report required by paragraph
2 (1) shall be submitted in unclassified form but may
3 include a classified annex.

