

AMENDMENT TO THE RULES COMMITTEE PRINT

118-33

OFFERED BY MR. CASTEN OF ILLINOIS

Add at the end the following:

1 **SEC. 609. MORATORIUM ON DIGITAL ASSET MIXERS.**

2 (a) MORATORIUM.—

3 (1) IN GENERAL.—During the 2-year period be-
4 ginning 6 months after the date of enactment of this
5 Act, it shall be unlawful for a financial institution to
6 handle, use, or transact with—

7 (A) any incoming funds that have been
8 routed through a digital asset mixer operating
9 on a cryptographically secured distributed ledg-
10 er; and

11 (B) any outgoing funds routed directly to
12 a digital asset mixer operating on a cryp-
13 tographically secured distributed ledger.

14 (2) ENFORCEMENT.—

15 (A) IN GENERAL.—The Secretary of the
16 Treasury shall enforce this section.

17 (B) CIVIL PENALTY.—The Secretary of the
18 Treasury may impose a civil penalty on any fi-
19 nancial institution that violates subsection (a)

1 in an amount not greater than \$100,000 for
2 each violation.

3 (b) **STUDY BY TREASURY.**—The Secretary of the
4 Treasury, in consultation with the Securities and Ex-
5 change Commission, the Commodity Futures Trading
6 Commission, the Attorney General, and such other depart-
7 ments and agencies as determined by the Secretary of the
8 Treasury, shall carry out a study of digital asset mixers,
9 privacy coins, and other anonymity-enhancing tech-
10 nologies.

11 (c) **REPORT.**—Not later than 18 months after the
12 date of the enactment of this Act, the Secretary of the
13 Treasury shall provide to the Committee on Financial
14 Services of the House of Representatives and the Com-
15 mittee on Banking, Housing, and Urban Affairs of the
16 Senate a report, to include a classified annex, if necessary,
17 that contains all findings made in carrying out the study
18 under subsection (b) that analyzes the following issues:

19 (1) Current typologies of digital asset mixers,
20 privacy coins, and other anonymity-enhancing tech-
21 nologies, and historical transaction volume.

22 (2) Estimates of the percentage of transactions
23 in paragraph (1) that are believed to be connected,
24 directly or indirectly, to illicit finance, including dig-
25 ital asset transaction volumes associated with sanc-

1 tioned entities and entities subject to special meas-
2 ures pursuant to section 5318A of title 31, United
3 States Code, and a description of any limitations ap-
4 plicable to the data used in such estimates.

5 (3) Information about legitimate uses of digital
6 asset mixers, including transaction volumes associ-
7 ated with payments to journalists in authoritarian
8 regimes, donations to the government of Ukraine,
9 and for enhanced privacy and security purposes.

10 (4) The capacity of the Financial Crimes En-
11 forcement Network, the Office of Foreign Assets
12 Control, and Federal and State law enforcement
13 agencies to track, prevent the transfer of, freeze,
14 and confiscate funds that have been processed
15 through digital asset mixers, privacy coins, and
16 other anonymity-enhancing technologies, including—

17 (A) general estimates regarding the num-
18 ber of instances on an annual basis such agen-
19 cies were able to prevent the transfer of funds
20 through such methods; and

21 (B) the extent to which such agencies uti-
22 lized blockchain analytics firms when preventing
23 the transfer of funds through such methods.

1 (5) New and emerging obfuscation tools and
2 methods to reduce transparency on a cryptographi-
3 cally secured distributed ledger.

4 (6) Financial incentives for relayers or any
5 other party in the process of validating transactions
6 on a cryptographically secured distributed ledger, in-
7 cluding an assessment of the contractual relationship
8 between relayers and digital asset mixers.

9 (7) Regulatory approaches employed by other
10 jurisdictions to address illicit uses of digital asset
11 mixers, privacy coins, and other anonymity-enhanc-
12 ing technologies.

13 (8) Recommendations for legislation or regula-
14 tion to address the illicit uses of digital assets, in-
15 cluding with respect to—

16 (A) covered nations, as defined in section
17 4872(d)(2) of title 10, United States Code, and
18 affiliated actors;

19 (B) Foreign Terrorist Organizations, as
20 designated by the Secretary of State, and affili-
21 ated actors;

22 (C) sanctions evasion by Russian entities,
23 individuals, and affiliated actors;

24 (D) human trafficking and the sexual ex-
25 ploitation of children;

1 (E) international trafficking of fentanyl,
2 fentanyl precursors, or other related opioids;

3 (F) organized crime groups in East and
4 Southeast Asia; and

5 (G) darknet marketplaces.

6 (d) DEFINITIONS.—In this section:

7 (1) ANONYMITY-ENHANCING TECHNOLOGIES.—

8 The term “anonymity-enhancing technologies”
9 means software, products, or services that facilitate
10 digital asset transactions with enhanced anonymity,
11 as defined by the Financial Crimes Enforcement
12 Network.

13 (2) DIGITAL ASSET MIXER.—The term “digital
14 asset mixer” means a website, software, or other
15 service designed to conceal or obfuscate the origin,
16 destination, and counterparties of digital asset
17 transactions.

18 (3) FINANCIAL INSTITUTION.—The term “fi-
19 nancial institution” has the meaning given the term
20 in section 5312(a) of title 31, United States Code.

21 (4) PRIVACY COIN.—The term “privacy coin”
22 means a digital asset designed to—

23 (A) hinder tracing through distributed
24 ledgers; or

1 (B) conceal or obfuscate the origin, des-
2 tination, and counterparties of digital asset
3 transactions.

4 (5) RELAYERS.—The term “relayers” means a
5 person, entity, software program, or person or entity
6 operating such software program, that receives, com-
7 municates, or otherwise conveys blocks of trans-
8 actions to a validator, miner, or other entity that
9 serves a similar function.

