

118TH CONGRESS  
2D SESSION

# H. R. 8266

To place a 2-year moratorium on financial institutions handling, using, or transacting with funds routed through digital asset mixers and to require the Secretary of the Treasury to carry out a study of digital asset mixers, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 7, 2024

Mr. CASTEN (for himself, Mr. FOSTER, Mr. SHERMAN, and Mr. CLEAVER) introduced the following bill; which was referred to the Committee on Financial Services

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## A BILL

To place a 2-year moratorium on financial institutions handling, using, or transacting with funds routed through digital asset mixers and to require the Secretary of the Treasury to carry out a study of digital asset mixers, 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 “Blockchain Integrity  
5 Act”.

6 **SEC. 2. MORATORIUM ON DIGITAL ASSET MIXERS.**

7 (a) MORATORIUM.—

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

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

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

12           (2) ENFORCEMENT.—

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

15                   (B) CIVIL PENALTY.—The Secretary of the  
16                  Treasury may impose a civil penalty on any fi-  
17                  nancial institution that violates subsection (a)  
18                  in an amount not greater than \$100,000 for  
19                  each violation.

20           (b) STUDY BY TREASURY.—The Secretary of the  
21           Treasury, in consultation with the Securities and Ex-  
22           change Commission, the Commodity Futures Trading  
23           Commission, the Attorney General, and such other depart-  
24           ments and agencies as determined by the Secretary of the  
25           Treasury, shall carry out a study of digital asset mixers,

1 privacy coins, and other anonymity-enhancing tech-  
2 nologies.

3 (c) REPORT.—Not later than 18 months after the  
4 date of the enactment of this Act, the Secretary of the  
5 Treasury shall provide to the Committee on Financial  
6 Services of the House of Representatives and the Com-  
7 mittee on Banking, Housing, and Urban Affairs of the  
8 Senate a report, to include a classified annex, if necessary,  
9 that contains all findings made in carrying out the study  
10 under subsection (b) that analyzes the following issues:

11 (1) Current typologies of digital asset mixers,  
12 privacy coins, and other anonymity-enhancing tech-  
13 nologies, and historical transaction volume.

14 (2) Estimates of the percentage of transactions  
15 in paragraph (1) that are believed to be connected,  
16 directly or indirectly, to illicit finance, including dig-  
17 ital asset transaction volumes associated with sanc-  
18 tioned entities and entities subject to special meas-  
19 ures pursuant to section 5318A of title 31, United  
20 States Code, and a description of any limitations ap-  
21 plicable to the data used in such estimates.

22 (3) Information about legitimate uses of digital  
23 asset mixers, including transaction volumes associ-  
24 ated with payments to journalists in authoritarian

1 regimes, donations to the government of Ukraine,  
2 and for enhanced privacy and security purposes.

3 (4) The capacity of the Financial Crimes En-  
4 forcement Network, the Office of Foreign Assets  
5 Control, and Federal and State law enforcement  
6 agencies to track, prevent the transfer of, freeze,  
7 and confiscate funds that have been processed  
8 through digital asset mixers, privacy coins, and  
9 other anonymity-enhancing technologies, including—

10 (A) general estimates regarding the num-  
11 ber of instances on an annual basis such agen-  
12 cies were able to prevent the transfer of funds  
13 through such methods; and

14 (B) the extent to which such agencies uti-  
15 lized blockchain analytics firms when preventing  
16 the transfer of funds through such methods.

17 (5) New and emerging obfuscation tools and  
18 methods to reduce transparency on a cryptographi-  
19 cally secured distributed ledger.

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

1           (7) Regulatory approaches employed by other  
2 jurisdictions to address illicit uses of digital asset  
3 mixers, privacy coins, and other anonymity-enhanc-  
4 ing technologies.

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

8                   (A) covered nations, as defined in section  
9 4872(d)(2) of title 10, United States Code, and  
10 affiliated actors;

11                   (B) Foreign Terrorist Organizations, as  
12 designated by the Secretary of State, and affili-  
13 ated actors;

14                   (C) sanctions evasion by Russian entities,  
15 individuals, and affiliated actors;

16                   (D) human trafficking and the sexual ex-  
17 ploitation of children;

18                   (E) international trafficking of fentanyl,  
19 fentanyl precursors, or other related opioids;

20                   (F) organized crime groups in East and  
21 Southeast Asia; and

22                   (G) darknet marketplaces.

23           (d) DEFINITIONS.—In this section:

24                   (1) ANONYMITY-ENHANCING TECHNOLOGIES.—

25           The term “anonymity-enhancing technologies”

1 means software, products, or services that facilitate  
2 digital asset transactions with enhanced anonymity,  
3 as defined by the Financial Crimes Enforcement  
4 Network.

5 (2) DIGITAL ASSET MIXER.—The term “digital  
6 asset mixer” means a website, software, or other  
7 service designed to conceal or obfuscate the origin,  
8 destination, and counterparties of digital asset  
9 transactions.

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

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

15 (A) hinder tracing through distributed  
16 ledgers; or

17 (B) conceal or obfuscate the origin, des-  
18 tination, and counterparties of digital asset  
19 transactions.

20 (5) RELAYERS.—The term “relayers” means a  
21 person, entity, software program, or person or entity  
22 operating such software program, that receives, com-  
23 municates, or otherwise conveys blocks of trans-

- 1 actions to a validator, miner, or other entity that
- 2 serves a similar function.

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