

**AMENDMENT IN THE NATURE OF A SUBSTITUTE  
TO H.R. 389  
OFFERED BY MR. LYNCH OF MASSACHUSETTS**

Strike all after the enacting clause and insert the following:

**1 SECTION 1. SHORT TITLE.**

2 (a) The Act may be cited as the “Kleptocracy Asset  
3 Recovery Rewards Act”.

**4 SEC. 2. FINDINGS; SENSE OF CONGRESS.**

5 (a) FINDINGS.—Congress finds the following:

6 (1) The Stolen Asset Recovery Initiative  
7 (StAR), a World Bank and United Nations anti-  
8 money-laundering effort, estimates that between \$20  
9 billion to \$40 billion has been lost to developing  
10 countries annually through corruption.

11 (2) In 2014, more than \$480 million in corrup-  
12 tion proceeds hidden in bank accounts around the  
13 world by former Nigerian dictator Sani Abacha and  
14 his co-conspirators was forfeited through efforts by  
15 the Department of Justice.

16 (3) In 2010, the Department of Justice estab-  
17 lished the Kleptocracy Asset Recovery Initiative, to  
18 work in partnership with Federal law enforcement

1 agencies to forfeit the proceeds of foreign official  
2 corruption and, where appropriate, return those pro-  
3 ceeds to benefit the people harmed by these acts of  
4 corruption and abuse of office.

5 (4) Of the \$20 billion to \$40 billion lost by de-  
6 veloping countries annually through corruption, only  
7 about \$5 billion has been repatriated in the last 15  
8 years.

9 (5) Governments weakened by corruption and  
10 loss of assets due to corruption have fewer resources  
11 to devote to the fight against terrorism and fewer re-  
12 sources to devote to building strong financial, law  
13 enforcement, and judicial institutions to aid in the  
14 fight against the financing of terrorism.

15 (6) The United States has a number of effective  
16 programs to reward individuals who provide valuable  
17 information that assist in the identification, arrest,  
18 and conviction of criminal actors and their associ-  
19 ates, as well as seizure and forfeiture of illicitly de-  
20 rived assets and the proceeds of criminal activity.

21 (7) The Internal Revenue Service has the Whis-  
22 tleblower Program, which pays awards to individuals  
23 who provide specific and credible information to the  
24 IRS if the information results in the collection of

1 taxes, penalties, interest or other amounts from non-  
2 compliant taxpayers.

3 (8) The Department of State administers re-  
4 wards programs on international terrorism, illegal  
5 narcotics, and transnational organized crime with  
6 the goal of bringing perpetrators to justice.

7 (9) None of these existing rewards programs  
8 specifically provide monetary incentives for identi-  
9 fying and recovering stolen assets linked solely to  
10 foreign government corruption, as opposed to crimi-  
11 nal prosecutions or civil or criminal forfeitures.

12 (10) The recovery of stolen assets linked to for-  
13 eign government corruption and the proceeds of such  
14 corruption may not always involve a BSA violation  
15 or lead to a forfeiture action. In such cases there  
16 would be no ability to pay rewards under existing  
17 Treasury Department authorities.

18 (11) Foreign government corruption can take  
19 many forms but typically entails government officials  
20 stealing, misappropriating, or illegally diverting as-  
21 sets and funds from their own government treasuries  
22 to enrich their personal wealth directly through em-  
23 bezzlement or bribes to allow government resources  
24 to be expended in ways that are not transparent and  
25 may not either be necessary or be the result of open

1 competition. Corruption also includes situations  
2 where public officials take bribes to allow govern-  
3 ment resources to be expended in ways which are  
4 not transparent and may not be necessary or the re-  
5 sult of open competition. These corrupt officials  
6 often use the United States and international finan-  
7 cial system to hide their stolen assets and the pro-  
8 ceeds of corruption.

9 (12) The individuals who come forward to ex-  
10 pose foreign governmental corruption and  
11 kleptocracy often do so at great risk to their own  
12 safety and that of their immediate family members  
13 and face retaliation from persons who exercise for-  
14 eign political or governmental power. Monetary re-  
15 wards can provide a necessary incentive to expose  
16 such corruption and provide a financial means to  
17 provide for their well-being and avoid retribution.

18 (b) SENSE OF CONGRESS.—It is the sense of Con-  
19 gress that a Department of the Treasury stolen asset re-  
20 covery rewards program to help identify and recover stolen  
21 assets linked to foreign government corruption and the  
22 proceeds of such corruption hidden behind complex finan-  
23 cial structures is needed in order to—

24 (1) intensify the global fight against corruption;  
25 and

1           (2) serve United States efforts to identify and  
2 recover such stolen assets, forfeit proceeds of such  
3 corruption, and, where appropriate and feasible, re-  
4 turn the stolen assets or proceeds thereof to the  
5 country harmed by the acts of corruption.

6 **SEC. 3. IN GENERAL.**

7           (a) DEPARTMENT OF THE TREASURY KLEPTOCRACY  
8 ASSET RECOVERY REWARDS PROGRAM.—Chapter 97 of  
9 title 31, United States Code, is amended by adding at the  
10 end the following:

11 **“§ 9706. Department of the Treasury Kleptocracy**  
12 **Asset Recovery Rewards Program**

13           “(a) ESTABLISHMENT.—

14                 “(1) IN GENERAL.—There is established in the  
15 Department of the Treasury a program to be known  
16 as the ‘Kleptocracy Asset Recovery Rewards Pro-  
17 gram’ for the payment of rewards to carry out the  
18 purposes of this section.

19                 “(2) PURPOSE.—The rewards program shall be  
20 designed to support U.S. Government programs and  
21 investigations aimed at restraining, seizing, for-  
22 feiting, or repatriating stolen assets linked to foreign  
23 government corruption and the proceeds of such cor-  
24 ruption.

1           “(3) IMPLEMENTATION.—The rewards program  
2           shall be administered by, and at the sole discretion  
3           of, the Secretary of the Treasury, in consultation, as  
4           appropriate, with the Secretary of State, the Attor-  
5           ney General, and the heads of such other depart-  
6           ments and agencies as the Secretary may find ap-  
7           propriate.

8           “(b) REWARDS AUTHORIZED.—In the sole discretion  
9           of the Secretary and in consultation, as appropriate, with  
10          the heads of other relevant Federal departments or agen-  
11          cies, the Secretary may pay a reward to any individual,  
12          or to any nonprofit humanitarian organization designated  
13          by such individual, if that individual furnishes information  
14          leading to—

15               “(1) the restraining or seizure of stolen assets  
16               in an account at a U.S. financial institution (includ-  
17               ing a U.S. branch of a foreign financial institution),  
18               that come within the United States, or that come  
19               within the possession or control of any United States  
20               person;

21               “(2) the forfeiture of stolen assets in an ac-  
22               count at a U.S. financial institution (including a  
23               U.S. branch of a foreign financial institution), that  
24               come within the United States, or that come within

1 the possession or control of any United States per-  
2 son; or

3 “(3) where appropriate, the repatriation of sto-  
4 len assets in an account at a U.S. financial institu-  
5 tion (including a U.S. branch of a foreign financial  
6 institution), that come within the United States, or  
7 that come within the possession or control of any  
8 United States person.

9 “(c) COORDINATION.—

10 “(1) PROCEDURES.—To ensure that the pay-  
11 ment of rewards pursuant to this section does not  
12 duplicate or interfere with any other payment au-  
13 thorized by the Department of Justice or other Fed-  
14 eral law enforcement agencies for the obtaining of  
15 information or other evidence, the Secretary of the  
16 Treasury, in consultation with the Secretary of  
17 State, the Attorney General, and the heads of such  
18 other agencies as the Secretary may find appro-  
19 priate, shall establish procedures for the offering,  
20 administration, and payment of rewards under this  
21 section, including procedures for—

22 “(A) identifying actions with respect to  
23 which rewards will be offered;

24 “(B) the receipt and analysis of data; and

1                   “(C) the payment of rewards and approval  
2                   of such payments.

3                   “(2) PRIOR APPROVAL OF THE ATTORNEY GEN-  
4                   ERAL REQUIRED.—Before making a reward under  
5                   this section in a matter over which there is Federal  
6                   criminal jurisdiction, the Secretary of the Treasury  
7                   shall obtain the written concurrence of the Attorney  
8                   General.

9                   “(d) PAYMENT OF REWARDS.—

10                  “(1) AUTHORIZATION OF APPROPRIATIONS.—  
11                  For the purpose of paying rewards pursuant to this  
12                  section, there is authorized to be appropriated  
13                  \$450,000 for fiscal year 2020.

14                  “(2) LIMITATION ON ANNUAL PAYMENTS.—Ex-  
15                  cept as provided under paragraph (3), the total  
16                  amount of rewards paid pursuant to this section  
17                  may not exceed \$25,000,000 in any calendar year.

18                  “(3) PRESIDENTIAL AUTHORITY.—The Presi-  
19                  dent may waive the limitation under paragraph (2)  
20                  with respect to a calendar year if the President pro-  
21                  vides written notice of such waiver to the appro-  
22                  priate committees of the Congress at least 30 days  
23                  before any payment in excess of such limitation is  
24                  made pursuant to this section.



1           “(4) PAYMENT FROM STOLEN ASSET  
2 AMOUNTS.—In paying any reward under this section  
3 with respect to information furnished by an indi-  
4 vidual, the Secretary shall, to the extent possible,  
5 make such payments using the stolen assets recov-  
6 ered based on such information before using appro-  
7 priated funds authorized under paragraph (1).

8           “(e) LIMITATIONS.—

9           “(1) SUBMISSION OF INFORMATION.—No award  
10 may be made under this section based on informa-  
11 tion submitted to the Secretary unless such informa-  
12 tion is submitted under penalty of perjury.

13           “(2) MAXIMUM AMOUNT.—No reward paid  
14 under this section may exceed \$5,000,000, unless  
15 the Secretary—

16           “(A) personally authorizes such greater  
17 amount in writing;

18           “(B) determines that offer or payment of  
19 a reward of a greater amount is necessary due  
20 to the exceptional nature of the case; and

21           “(C) notifies the appropriate committees of  
22 the Congress of such determination.

23           “(3) APPROVAL.—

1           “(A) IN GENERAL.—No reward amount  
2           may be paid under this section without the  
3           written approval of the Secretary.

4           “(B) DELEGATION.—The Secretary may  
5           not delegate the approval required under sub-  
6           paragraph (A) to anyone other than an Under  
7           Secretary of the Department of the Treasury.

8           “(4) PROTECTION MEASURES.—If the Secretary  
9           determines that the identity of the recipient of a re-  
10          ward or of the members of the recipient’s immediate  
11          family must be protected, the Secretary shall take  
12          such measures in connection with the payment of  
13          the reward as the Secretary considers necessary to  
14          effect such protection.

15          “(5) FORMS OF REWARD PAYMENT.—The Sec-  
16          retary may make a reward under this section in the  
17          form of a monetary payment.

18          “(f) INELIGIBILITY, REDUCTION IN, OR DENIAL OF  
19          REWARD.—

20          “(1) OFFICER AND EMPLOYEES.—An officer or  
21          employee of any entity of Federal, State, or local  
22          government or of a foreign government who, while in  
23          the performance of official duties, furnishes informa-  
24          tion described under subsection (b) shall not be eligi-  
25          ble for a reward under this section.

1           “(2) PARTICIPATING INDIVIDUALS.—If the  
2 claim for a reward is brought by an individual who  
3 the Secretary has a reasonable basis to believe know-  
4 ingly planned, initiated, directly participated in, or  
5 facilitated the actions that led to assets of a foreign  
6 state or governmental entity being stolen, misappro-  
7 priated, or illegally diverted or to the payment of  
8 bribes or other foreign governmental corruption, the  
9 Secretary shall appropriately reduce, and may deny,  
10 such award. If such individual is convicted of crimi-  
11 nal conduct arising from the role described in the  
12 preceding sentence, the Secretary shall deny or may  
13 seek to recover any reward, as the case may be.

14           “(g) REPORT.—

15           “(1) IN GENERAL.—Within 180 days of the en-  
16 actment of this section, and annually thereafter for  
17 5 years, the Secretary shall issue a report to the ap-  
18 propriate committees of the Congress—

19           “(A) detailing to the greatest extent pos-  
20 sible the amount, location, and ownership or  
21 beneficial ownership of any stolen assets that,  
22 on or after the date of the enactment of this  
23 section, come within the United States or that  
24 come within the possession or control of any  
25 United States person;

1           “(B) discussing efforts being undertaken  
2           to identify more such stolen assets and their  
3           owners or beneficial owners; and

4           “(C) including a discussion of the inter-  
5           actions of the Department of the Treasury with  
6           the international financial institutions (as de-  
7           fined in section 1701(c)(2) of the International  
8           Financial Institutions Act) to identify the  
9           amount, location, and ownership, or beneficial  
10          ownership, of stolen assets held in financial in-  
11          stitutions outside the United States.

12          “(2) EXCEPTION FOR ONGOING INVESTIGA-  
13          TIONS.—The report issued under paragraph (1)  
14          shall not include information related to ongoing in-  
15          vestigations.

16          “(h) DEFINITIONS.—For purposes of this section:

17                 “(1) APPROPRIATE COMMITTEES OF THE CON-  
18                 GRESS.—The term ‘appropriate committees of the  
19                 Congress’ means the Committee on Financial Serv-  
20                 ices of the House of Representatives and the Com-  
21                 mittee on Banking, Housing, and Urban Affairs of  
22                 the Senate.

23                 “(2) FINANCIAL ASSET.—The term ‘financial  
24                 asset’ means any funds, investments, or ownership  
25                 interests, as defined by the Secretary, that on or

1 after the date of the enactment of this section come  
2 within the United States or that come within the  
3 possession or control of any United States person.

4 “(3) FOREIGN GOVERNMENT CORRUPTION.—  
5 The term ‘foreign government corruption’ includes  
6 bribery of a foreign public official, or the misappropriation, theft, or embezzlement of public funds or  
7 property by or for the benefit of a foreign public official.  
8  
9

10 “(4) FOREIGN PUBLIC OFFICIAL.—The term  
11 ‘foreign public official’ includes any person who occupies a public office by virtue of having been elected,  
12 appointed, or employed, including any military, civilian, special, honorary, temporary, or uncompensated official.  
13  
14  
15

16 “(5) IMMEDIATE FAMILY MEMBER.—The term  
17 ‘immediate family member’, with respect to an individual, has the meaning given the term ‘member of  
18 the immediate family’ under section 36(k) of the State Department Basic Authorities Act of 1956 (22  
19 U.S.C. 2708(k)).  
20  
21

22 “(6) REWARDS PROGRAM.—The term ‘rewards  
23 program’ means the program established in subsection (a)(1) of this section.  
24

1           “(7) SECRETARY.—The term ‘Secretary’ means  
2           the Secretary of the Treasury.

3           “(8) STOLEN ASSETS.—The term ‘stolen assets’  
4           means financial assets within the jurisdiction of the  
5           United States, constituting, derived from, or trace-  
6           able to, any proceeds obtained directly or indirectly  
7           from foreign government corruption.”.

8           (b) REPORT ON DISPOSITION OF RECOVERED AS-  
9           SETS.—Within 360 days of the enactment of this Act, the  
10          Secretary of the Treasury shall issue a report to the ap-  
11          propriate committees of Congress (as defined under sec-  
12          tion 9706(i) of title 31, United States Code) describing  
13          policy choices and recommendations for disposition of sto-  
14          len assets recovered pursuant to section 9706 of title 31,  
15          United States Code.

16          (c) TABLE OF CONTENTS AMENDMENT.—The table  
17          of contents for chapter 97 of title 31, United States Code,  
18          is amended by adding at the end the following:

          “9706. Department of the Treasury Kleptocracy Asset Recovery Rewards Pro-  
  gram.”.

