

[DISCUSSION DRAFT]

116TH CONGRESS
2^D SESSION

H. R. _____

To require studies and reports on business email compromise scams, to require updated examination procedures related to business email compromise scams, to establish the Real Estate Fraud Advisory Group, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. SHERMAN introduced the following bill; which was referred to the Committee on _____

A BILL

To require studies and reports on business email compromise scams, to require updated examination procedures related to business email compromise scams, to establish the Real Estate Fraud Advisory Group, 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 “Internet Fraud Pre-
5 vention Act”.

1 **SEC. 2. STUDY ON BUSINESS EMAIL COMPROMISE SCAMS.**

2 (a) STUDY.—The Board of Governors of the Federal
3 Reserve System and the Federal Trade Commission shall,
4 jointly, carry out a study on—

5 (1) business email compromise scams targeting
6 real estate and non-real estate transactions;

7 (2) common criminal typologies in such scams;
8 and

9 (3) how such scams use the United States fi-
10 nancial system, including electronic funds transfers
11 conducted through Fedwire.

12 (b) REPORT.—Not later than the end of the 12-
13 month period beginning on the date of enactment of this
14 Act, the Board of Governors of the Federal Reserve Sys-
15 tem and the Federal Trade Commission shall, jointly,
16 issue a report to Congress containing all findings and de-
17 terminations made in carrying out the study required
18 under subsection (a).

19 **SEC. 3. ANNUAL REPORT ON BUSINESS EMAIL COM-**
20 **PROMISE SCAM LOSSES.**

21 The Director of the Financial Crimes Enforcement
22 Network, the Federal Trade Commission, and the Director
23 of the Federal Bureau of Investigation shall, jointly, issue
24 an annual report to Congress regarding losses suffered by
25 consumers and businesses, along with losses prevented,
26 due to business email compromise scams targeting real es-

1 tate and non-real estate transactions, broken down by
2 State.

3 **SEC. 4. REPORT ON FEDNOW ANTI-FRAUD SAFEGUARDS.**

4 Not later than the end of the 12-month period begin-
5 ning on the date of enactment of this Act, the Board of
6 Governors of the Federal Reserve System shall issue a re-
7 port to the Committee on Financial Services of the House
8 of Representatives and the Committee on Banking, Hous-
9 ing, and Urban Affairs of the Senate—

10 (1) on the anti-fraud safeguards being put in
11 place for the FedNow real time payments system
12 and how such safeguards would prevent business
13 email compromise scam losses or make it easier for
14 victims to recover lost funds; and

15 (2) containing the results of a cost-benefit anal-
16 ysis of adding as a safeguard a requirement that a
17 transmitting financial institution match the payee
18 name on a transfer request with the account holder
19 name at the receiving financial institution.

20 **SEC. 5. INCLUSION OF INFORMATION ON BUSINESS EMAIL**

21 **COMPROMISE SCAMS IN EXAMINATION PRO-**
22 **CEDURES.**

23 (a) **IN GENERAL.**—Not later than the end of the 12-
24 month period beginning on the date of enactment of this
25 Act, the Financial Institutions Examination Council shall

1 update the uniform examination procedures established by
2 the Council related to the Bank Secrecy Act and anti-
3 money laundering requirements on risks associated with
4 money laundering and terrorist financing and fund trans-
5 fers to include information about business email com-
6 promise scams targeting real estate and non-real estate
7 transactions.

8 (b) **BANK SECRECY ACT DEFINED.**—In this section,
9 the term “Bank Secrecy Act” means—

10 (1) section 21 of the Federal Deposit Insurance
11 Act (12 U.S.C. 1829b);

12 (2) chapter 2 of title I of Public Law 91–508
13 (12 U.S.C. 1951 et seq.); and

14 (3) subchapter II of chapter 53 of title 31,
15 United States Code.

16 **SEC. 6. REAL ESTATE FRAUD ADVISORY GROUP.**

17 (a) **ESTABLISHMENT.**—There is established an advi-
18 sory committee to be known as the “Real Estate Fraud
19 Advisory Group”.

20 (b) **MEMBERSHIP.**—The Real Estate Fraud Advisory
21 Group shall consist of members appointed by the Sec-
22 retary of the Treasury and include—

23 (1) industry representatives;

24 (2) financial services experts; and

25 (3) consumer organization representatives.

1 (c) FUNCTIONS.—The Real Estate Fraud Advisory
2 Group shall create model educational materials to educate
3 employees of real estate brokerages, title companies, finan-
4 cial-services companies, and wire-transfer companies on
5 how to identify and prevent scams that targeting real es-
6 tate.