

KLEPTOCRACY ASSET RECOVERY REWARDS ACT

MAY 14, 2019.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Ms. MAXINE WATERS of California, from the Committee on Financial Services, submitted the following

R E P O R T

[To accompany H.R. 389]

[Including cost estimate of the Congressional Budget Office]

The Committee on Financial Services, to whom was referred the bill (H.R. 389) to authorize the Secretary of the Treasury to pay rewards under an asset recovery rewards program to help identify and recover stolen assets linked to foreign government corruption and the proceeds of such corruption hidden behind complex financial structures in the United States and abroad, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

CONTENTS

	Page
Purpose and Summary	5
Background and Need for Legislation	5
Section-by-Section Analysis	6
Hearings	7
Committee Consideration	8
Committee Votes	8
Statement of Oversight Findings and Recommendations of the Committee	8
Statement of Performance Goals and Objectives	8
New Budget Authority and CBO Cost Estimate	8
Committee Cost Estimate	10
Unfunded Mandate Statement	10
Advisory Committee	10
Application of Law to the Legislative Branch	10
Earmark Statement	10
Duplication of Federal Programs	10
Changes to Existing Law	11

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

The Act may be cited as the “Kleptocracy Asset Recovery Rewards Act”.

SEC. 2. FINDINGS; SENSE OF CONGRESS.

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

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

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

(3) In 2010, the Department of Justice established the Kleptocracy Asset Recovery Initiative, to work in partnership with Federal law enforcement agencies to forfeit the proceeds of foreign official corruption and, where appropriate, return those proceeds to benefit the people harmed by these acts of corruption and abuse of office.

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

(5) Governments weakened by corruption and loss of assets due to corruption have fewer resources to devote to the fight against terrorism and fewer resources to devote to building strong financial, law enforcement, and judicial institutions to aid in the fight against the financing of terrorism.

(6) The United States has a number of effective programs to reward individuals who provide valuable information that assist in the identification, arrest, and conviction of criminal actors and their associates, as well as seizure and forfeiture of illicitly derived assets and the proceeds of criminal activity.

(7) The Internal Revenue Service has the Whistleblower Program, which pays awards to individuals who provide specific and credible information to the IRS if the information results in the collection of taxes, penalties, interest or other amounts from noncompliant taxpayers.

(8) The Department of State administers rewards programs on international terrorism, illegal narcotics, and transnational organized crime with the goal of bringing perpetrators to justice.

(9) None of these existing rewards programs specifically provide monetary incentives for identifying and recovering stolen assets linked solely to foreign government corruption, as opposed to criminal prosecutions or civil or criminal forfeitures.

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

(11) Foreign government corruption can take many forms but typically entails government officials stealing, misappropriating, or illegally diverting assets and funds from their own government treasuries to enrich their personal wealth directly through embezzlement or bribes to allow government resources to be expended in ways that are not transparent and may not either be necessary or be the result of open competition. Corruption also includes situations where public officials take bribes to allow government resources to be expended in ways which are not transparent and may not be necessary or the result of open competition. These corrupt officials often use the United States and international financial system to hide their stolen assets and the proceeds of corruption.

(12) The individuals who come forward to expose foreign governmental corruption and kleptocracy often do so at great risk to their own safety and that of their immediate family members and face retaliation from persons who exercise foreign political or governmental power. Monetary rewards can provide a necessary incentive to expose such corruption and provide a financial means to provide for their well-being and avoid retribution.

(b) **SENSE OF CONGRESS.**—It is the sense of Congress that a Department of the Treasury stolen asset recovery rewards program to help identify and recover stolen assets linked to foreign government corruption and the proceeds of such corruption hidden behind complex financial structures is needed in order to—

(1) intensify the global fight against corruption; and

(2) serve United States efforts to identify and recover such stolen assets, forfeit proceeds of such corruption, and, where appropriate and feasible, return the stolen assets or proceeds thereof to the country harmed by the acts of corruption.

SEC. 3. IN GENERAL.

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

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

“(a) ESTABLISHMENT.—

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

“(2) PURPOSE.—The rewards program shall be designed to support U.S. Government programs and investigations aimed at restraining, seizing, forfeiting, or repatriating stolen assets linked to foreign government corruption and the proceeds of such corruption.

“(3) IMPLEMENTATION.—The rewards program shall be administered by, and at the sole discretion of, the Secretary of the Treasury, in consultation, as appropriate, with the Secretary of State, the Attorney General, and the heads of such other departments and agencies as the Secretary may find appropriate.

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

“(1) the restraining or seizure of stolen assets in an account at a U.S. financial institution (including a U.S. branch of a foreign financial institution), that come within the United States, or that come within the possession or control of any United States person;

“(2) the forfeiture of stolen assets in an account at a U.S. financial institution (including a U.S. branch of a foreign financial institution), that come within the United States, or that come within the possession or control of any United States person; or

“(3) where appropriate, the repatriation of stolen assets in an account at a U.S. financial institution (including a U.S. branch of a foreign financial institution), that come within the United States, or that come within the possession or control of any United States person.

“(c) COORDINATION.—

“(1) PROCEDURES.—To ensure that the payment of rewards pursuant to this section does not duplicate or interfere with any other payment authorized by the Department of Justice or other Federal law enforcement agencies for the obtaining of information or other evidence, the Secretary of the Treasury, in consultation with the Secretary of State, the Attorney General, and the heads of such other agencies as the Secretary may find appropriate, shall establish procedures for the offering, administration, and payment of rewards under this section, including procedures for—

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

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

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

“(2) PRIOR APPROVAL OF THE ATTORNEY GENERAL REQUIRED.—Before making a reward under this section in a matter over which there is Federal criminal jurisdiction, the Secretary of the Treasury shall obtain the written concurrence of the Attorney General.

“(d) PAYMENT OF REWARDS.—

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

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

“(3) PRESIDENTIAL AUTHORITY.—The President may waive the limitation under paragraph (2) with respect to a calendar year if the President provides written notice of such waiver to the appropriate committees of the Congress at least 30 days before any payment in excess of such limitation is made pursuant to this section.

“(4) PAYMENT FROM STOLEN ASSET AMOUNTS.—In paying any reward under this section with respect to information furnished by an individual, the Secretary shall, to the extent possible, make such payments using the stolen assets recovered based on such information before using appropriated funds authorized under paragraph (1).

“(e) LIMITATIONS.—

“(1) SUBMISSION OF INFORMATION.—No award may be made under this section based on information submitted to the Secretary unless such information is submitted under penalty of perjury.

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

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

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

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

“(3) APPROVAL.—

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

“(B) DELEGATION.—The Secretary may not delegate the approval required under subparagraph (A) to anyone other than an Under Secretary of the Department of the Treasury.

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

“(5) FORMS OF REWARD PAYMENT.—The Secretary may make a reward under this section in the form of a monetary payment.

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

“(1) OFFICER AND EMPLOYEES.—An officer or employee of any entity of Federal, State, or local government or of a foreign government who, while in the performance of official duties, furnishes information described under subsection (b) shall not be eligible for a reward under this section.

“(2) PARTICIPATING INDIVIDUALS.—If the claim for a reward is brought by an individual who the Secretary has a reasonable basis to believe knowingly planned, initiated, directly participated in, or facilitated the actions that led to assets of a foreign state or governmental entity being stolen, misappropriated, or illegally diverted or to the payment of bribes or other foreign governmental corruption, the Secretary shall appropriately reduce, and may deny, such award. If such individual is convicted of criminal conduct arising from the role described in the preceding sentence, the Secretary shall deny or may seek to recover any reward, as the case may be.

“(g) REPORT.—

“(1) IN GENERAL.—Within 180 days of the enactment of this section, and annually thereafter for 5 years, the Secretary shall issue a report to the appropriate committees of the Congress—

“(A) detailing to the greatest extent possible the amount, location, and ownership or beneficial ownership of any stolen assets that, on or after the date of the enactment of this section, come within the United States or that come within the possession or control of any United States person;

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

“(C) including a discussion of the interactions of the Department of the Treasury with the international financial institutions (as defined in section 1701(c)(2) of the International Financial Institutions Act) to identify the amount, location, and ownership, or beneficial ownership, of stolen assets held in financial institutions outside the United States.

“(2) EXCEPTION FOR ONGOING INVESTIGATIONS.—The report issued under paragraph (1) shall not include information related to ongoing investigations.

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

“(1) APPROPRIATE COMMITTEES OF THE CONGRESS.—The term ‘appropriate committees of the Congress’ means the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate.

“(2) FINANCIAL ASSET.—The term ‘financial asset’ means any funds, investments, or ownership interests, as defined by the Secretary, that on or after the date of the enactment of this section come within the United States or that come within the possession or control of any United States person.

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

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

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

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

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

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

(b) REPORT ON DISPOSITION OF RECOVERED ASSETS.—Within 360 days of the enactment of this Act, the Secretary of the Treasury shall issue a report to the appropriate committees of Congress (as defined under section 9706(h) of title 31, United States Code) describing policy choices and recommendations for disposition of stolen assets recovered pursuant to section 9706 of title 31, United States Code.

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

“9706. Department of the Treasury Kleptocracy Asset Recovery Rewards Program.”

PURPOSE AND SUMMARY

H.R. 389, the Kleptocracy Asset Recovery Rewards Act, would establish a program within the U.S. Department of the Treasury to provide monetary incentives to individuals furnishing information leading to the restraining, seizure, forfeiture, or repatriation of stolen assets linked to foreign government corruption. H.R. 389 also provides for the administration of the program, including reward payment and eligibility.

BACKGROUND AND NEED FOR LEGISLATION

According to World Bank data, more than \$1 trillion in bribes are paid worldwide every year.¹ This corruption has a significant impact on developing countries, with estimates as high as \$40 billion per year stolen by public officials.² Addressing such corruption and its cross-border impact has become an increasing focus of the international community.

The United Nations Convention Against Corruption (“the Convention”),³ ratified by the United States on October 30, 2006, introduces a comprehensive set of standards that its 140 signatories and 186 Parties apply to strengthen domestic and international anticorruption regimes. Significantly, this multilateral agreement includes a chapter on asset recovery, aimed at completing the legal steps necessary to turn identified proceeds of crime into confiscated property and ultimately into assets that are recovered and returned to prior legitimate owners. Member states maintain confiscated property as custodians for those from whom the property was stolen. Further, the Convention is bolstered by bilateral and multilateral agreements to facilitate the recovery process, whether through Mutual Legal Assistance Treaties or other agreements made on a case-by-case basis pursuant to the of the Convention.

¹*Global Cost of Corruption at Least 5% of World GDP*. United Nations, September 2018. <https://www.un.org/press/en/2018/sc13493.doc.htm>.

²*Few and Far: The Hard Facts on Stolen Asset Recovery*, United Nations Office on Drugs and Crime, The World Bank, September 2014.

³UNGA Res. A/58/422 (Oct. 31, 2003), entered into force Dec. 14, 2005.

Within the bounds of this anticorruption regime, countries that are part of the regimes (both the countries requesting and providing requested stolen asset recovery assistance) can determine the disposition of the recovered property and the parameters for allowing the government that is the custodian of the confiscated stolen property to keep a portion of the proceeds for administrative costs and other purposes.

To assist in recovering these proceeds of crime for victims and to punish the bad acts of the criminals, H.R. 389 establishes a rewards program to incentivize individuals to notify the U.S. government of stolen assets linked to foreign corruption that are found in the U.S. or within U.S. financial institutions, or held or controlled by U.S. persons. Rewards are paid with funds from the recovered stolen assets.

On March 13, 2019, Mr. Dennis Lormel, a retired FBI agent who co-founded that agency's Terror Financing Operations Section, said in his written testimony at a Subcommittee hearing that H.R. 389 would "serve as a viable tool for law enforcement to develop evidence for prosecution, as well as identify, recover and repatriate stolen funds to victim countries."⁴ The FACT Coalition, a non-partisan alliance of more than 100 state, national, and international organizations promoting anti-corruption practices, wrote that rewards program "is a sensible tool to safeguard American citizens and businesses from the scourge of corruption."⁵

SECTION-BY-SECTION ANALYSIS

Section 1. Short title

This section states that the title of the bill is the Kleptocracy Asset Recovery Rewards Act.

Section 2. Findings; sense of Congress

Subsection (a) lays out a series of findings describing, among other things, U.S. and international efforts to recover the proceeds of foreign official corruption and, where appropriate return those proceeds to benefit the people harmed by the acts of corruption; how countries weakened by corruption often have fewer resources to fight corruption; how the U.S. Government has a number of rewards programs, but does not include specifically providing monetary incentives for identifying and recovering stolen assets linked solely to foreign government corruption; and how monetary rewards can provide necessary incentives to expose such corruption and provide a financial means to individuals who come forward with information on such corruption to provide for their well-being and avoid retribution.

Subsection (b) states the sense of Congress that a Department of Treasury stolen asset recovery rewards program to help identify and recover stolen assets linked to foreign government corruption is needed.

⁴*Testimony of Dennis M. Lormel, House Financial Services Committee, March 13, 2019.* <https://financialservices.house.gov/calendar/eventsingle.aspx?EventID=402387>.

⁵*Letter to HFSC Chair, Ranking Member, and Members of the House Financial Services Committee, March 13, 2019.*

Section 3. In general

Subsection (a) amends title 31, United States Code, by adding a new section 9706 at the end establishing in the Department of the Treasury a program to be known as the “Kleptocracy Asset Recovery Rewards Program.”

Subsection (a) of the new section 9706 provides that the rewards program is administered by and at the sole discretion of the Secretary of the Treasury, in consultation with other agency heads as the Secretary finds appropriate.

Subsection (b) of the new section 9706 authorizes the Secretary to pay a reward to an individual or any nonprofit humanitarian organization designated by such individual, if that individual furnishes information leading to the restraining, seizure, forfeiture, or repatriation of stolen assets in an account at a U.S. financial institution, that come within the United States, or that come within the possession or control of any United States person.

Subsection (c) of this new section 9706 requires the Secretary to establish procedures to avoid duplication or interference with any other payments authorized by Federal law enforcement.

For the purpose of paying rewards under this program, subsection (d) of the new section 9706 authorizes \$450,000 to be appropriated for fiscal year 2020. The total amount of rewards paid under this program may not exceed \$25,000,000 yearly, unless the President provides written notice of a waiver to Congress at least 30 days in advance. However, this subsection also provides that the Secretary must, to the extent possible, make rewards payments using the stolen assets recovered based on such information before using appropriated funds. The Committee expects the Treasury Department to do so in every possible instance. Moreover, the Committee further expects that funds set aside for rewards would not in any circumstance become U.S. funds, but would remain in accounts that the U.S. Government administers as a custodian until they were used to pay the rewards themselves. While the character of these rewards may change over the course of the legislative process, the recovered assets would continue to belong to the foreign nationals or entities from which the assets were stolen.

Subsection (e) of new section 9706 provides that no reward paid under this rewards program may exceed \$5,000,000 unless the Secretary personally authorizes a greater amount, determines that it is necessary due to the exceptional nature of the case, and notifies Congress.

Subsection (b) of Section 3 requires a report within 360 days of the enactment of the Act describing policy choices and recommendations for disposition of stolen assets recovered pursuant to section 9706 of title 31. The program incentivizes individuals to notify the U.S. government of assets in U.S. financial institutions that are linked to foreign corruption, allowing authorities to recover and return these assets and prevent further enabling foreign corruption and terrorist financing. Rewards are paid with funds taken from the recovered stolen assets.

HEARINGS

For the purposes of section 103(i) of H. Res. 6 for the 116th Congress—

(1) the Subcommittee on National Security, International Development and Monetary Policy of the Committee on Financial Services held a hearing to consider H.R. 389 entitled “Promoting Corporate Transparency: Examining Legislative Proposals to Detect and Deter Crime” on Wednesday, March 13, 2019. Testifying before the Subcommittee was Jacob Cohen, Former Director of the Office of Stakeholder Engagement, FinCEN; Dennis Lormel, President & CEO, DML Associates, LLC; Amit Sharma, CEO FinClusive; and Gary Shiffman, Ph.D., founder and Chief Executive Officer, Gian Oak, Inc.

(2) In addition, the Committee held a related hearing entitled, “Holding Megabanks Accountable: A Review of Global Systemically Important Banks 10 years after the Financial Crisis,” on April 10, 2019. Testifying on a single-panel was: Mr. Michael L. Corbat, Chief Executive Officer, Citigroup; Mr. James Dimon, Chairman & Chief Executive Officer, JP Morgan Chase & Co.; Mr. James P. Gorman, Chairman & Chief Executive Officer, Morgan Stanley; Mr. Brian T. Moynihan, Chairman & Chief Executive Officer, Bank of America; Mr. Ronald P. O’Hanley, President & Chief Executive Officer, State Street Corporation; Mr. Charles W. Scharf, Chairman & Chief Executive Officer, Bank of New York Mellon; and Mr. David M. Solomon, Chairman & Chief Executive Officer, Goldman Sachs.

COMMITTEE CONSIDERATION

The Committee on Financial Services met in open session on March 26–28, 2019, and ordered H.R. 389 to be reported favorably to the House with an amendment in the nature of a substitute by unanimous consent, a quorum being present.

COMMITTEE VOTES AND ROLL CALL VOTES

In compliance with clause 3(b) of rule XIII of the Rules of the House of Representatives, the Committee advises there were no roll call votes on H.R. 389.

STATEMENT OF OVERSIGHT FINDINGS AND RECOMMENDATIONS OF THE COMMITTEE

In compliance with clause 3(c)(1) of rule XIII and clause 2(b)(1) of rule X of the Rules of the House of Representatives, the Committee’s oversight findings and recommendations are reflected in the descriptive portions of this report.

STATEMENT OF PERFORMANCE GOALS AND OBJECTIVES

Pursuant to clause (3)(c) of rule XIII of the Rules of the House of Representatives, the goals of H.R. 389 are to establish in the Department of the Treasury a program to be known as the “Kleptocracy Asset Recovery Rewards Program.”

NEW BUDGET AUTHORITY AND CBO COST ESTIMATE

Pursuant to clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a) of the *Congressional Budget Act of 1974*, and pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and section 402 of the *Congres-*

sional Budget Act of 1974, the Committee has received the following estimate for H.R. 389 from the Director of the Congressional Budget Office:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, April 15, 2019.

Hon. MAXINE WATERS,
Chairwoman, Committee on Financial Services,
House of Representatives, Washington, DC.

DEAR MADAM CHAIRWOMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 389, the Kleptocracy Asset Recovery Rewards Act.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Matthew Pickford.

Sincerely,

KEITH HALL,
Director.

Enclosure.

H.R. 389, Kleptocracy Asset Recovery Rewards Act			
As ordered reported by the House Committee on Financial Services on March 28, 2019			
Millions of Dollars	2019	2019-2024	2019-2029
Direct Spending (Outlays)	n.a.	n.a.	n.a.
Revenues	n.a.	n.a.	n.a.
Deficit Effect	n.a.	n.a.	n.a.
Spending Subject to Appropriation (Outlays)	0	*	n.e.
Pay-as-you-go procedures apply?	No	Mandate Effects	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2030?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No
n.a. = not applicable; * = between -\$500,000 and \$500,000; n.e. = not estimated.			

H.R. 389 would amend federal law to establish within the Department of the Treasury the Kleptocracy Asset Recovery Rewards Program. H.R. 389 defines kleptocracy as a government with corrupt leaders that use their power to exploit their people and natural resources to extend their personal wealth and political power. The bill would authorize the appropriation of \$450,000 for rewards to individuals providing information to the government about such assets of a corrupt foreign government that are on deposit with a U.S. financial institution. CBO estimates that implementing H.R. 389 would cost less than \$500,000; any spending would be subject to the availability of appropriated funds.

Most of the bill's provisions would codify existing policy and practice. There is a Kleptocracy Asset Recovery Initiative within the Department of Justice that investigates and prosecutes corrupt foreign leaders. Since 2010 the Initiative has helped repatriate more than \$150 million in assets to foreign governments that was previously lost to corruption. In addition, the Department of State and the Internal Revenue Service have similar programs.

Under H.R. 389, any funds recovered by the Treasury from such corrupt governments in future years would be available for such rewards. Treasury also would report to the Congress on the implementation of the program. It is unclear whether any assets seized by the government from U.S. financial institutions on behalf of the rightful owners of those assets could be used by the federal government to reward informers. Generally when the federal government takes control of assets that belong to others, those amounts are considered nonbudgetary and their collection and disbursement do not affect the deficit.

The CBO staff contact for this estimate is Matthew Pickford. The estimate was reviewed by Theresa Gullo, Assistant Director for Budget Analysis.

COMMITTEE COST ESTIMATE

Clause 3(d)(1) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison of the costs that would be incurred in carrying out H.R. 389. However, clause 3(d)(2)(B) of that rule provides that this requirement does not apply when the committee has included in its report a timely submitted cost estimate of the bill prepared by the Director of the Congressional Budget Office under section 402 of the *Congressional Budget Act*.

UNFUNDED MANDATE STATEMENT

Pursuant to Section 423 of the *Congressional Budget and Impoundment Control Act* (as amended by Section 101(a)(2) of the *Unfunded Mandates Reform Act*, Pub. L. 104-4), the Committee adopts as its own the estimate of federal mandates regarding H.R. 389, as amended, prepared by the Director of the Congressional Budget Office.

ADVISORY COMMITTEE

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

APPLICATION OF LAW TO THE LEGISLATIVE BRANCH

Pursuant to section 102(b)(3) of the *Congressional Accountability Act*, Pub. L. No. 104-1, H.R. 389, as amended, does not apply to terms and conditions of employment or to access to public services or accommodations within the legislative branch.

EARMARK STATEMENT

In accordance with clause 9 of rule XXI of the Rules of the House of Representatives, H.R. 389 does not contain any congressional earmarks, limited tax benefits, or limited tariff benefits as described in clauses 9(e), 9(f), and 9(g) of rule XXI.

DUPLICATION OF FEDERAL PROGRAMS

Pursuant to clause 3(c)(5) of rule XIII of the Rules of the House of Representatives, the Committee states that no provision of H.R.389 establishes or reauthorizes a program of the Federal Government known to be duplicative of another federal program, a pro-

gram that was included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111–139, or a program related to a program identified in the most recent Catalog of Federal Domestic Assistance.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, H.R. 7, as reported, are shown as follows:

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (new matter is printed in italic and existing law in which no change is proposed is shown in roman):

TITLE 31, UNITED STATES CODE

* * * * *

SUBTITLE VI—MISCELLANEOUS

* * * * *

CHAPTER 97—MISCELLANEOUS

Sec.

9701. Fees and charges for Government services and things of value.

* * * * *

9706. *Department of the Treasury Kleptocracy Asset Recovery Rewards Program.*

* * * * *

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

(a) *ESTABLISHMENT.*—

(1) *IN GENERAL.*—*There is established in the Department of the Treasury a program to be known as the “Kleptocracy Asset Recovery Rewards Program” for the payment of rewards to carry out the purposes of this section.*

(2) *PURPOSE.*—*The rewards program shall be designed to support U.S. Government programs and investigations aimed at restraining, seizing, forfeiting, or repatriating stolen assets linked to foreign government corruption and the proceeds of such corruption.*

(3) *IMPLEMENTATION.*—*The rewards program shall be administered by, and at the sole discretion of, the Secretary of the Treasury, in consultation, as appropriate, with the Secretary of State, the Attorney General, and the heads of such other departments and agencies as the Secretary may find appropriate.*

(b) *REWARDS AUTHORIZED.*—*In the sole discretion of the Secretary and in consultation, as appropriate, with the heads of other relevant Federal departments or agencies, the Secretary may pay a reward to any individual, or to any nonprofit humanitarian organization*

designated by such individual, if that individual furnishes information leading to—

(1) the restraining or seizure of stolen assets in an account at a U.S. financial institution (including a U.S. branch of a foreign financial institution), that come within the United States, or that come within the possession or control of any United States person;

(2) the forfeiture of stolen assets in an account at a U.S. financial institution (including a U.S. branch of a foreign financial institution), that come within the United States, or that come within the possession or control of any United States person; or

(3) where appropriate, the repatriation of stolen assets in an account at a U.S. financial institution (including a U.S. branch of a foreign financial institution), that come within the United States, or that come within the possession or control of any United States person.

(c) COORDINATION.—

(1) PROCEDURES.—To ensure that the payment of rewards pursuant to this section does not duplicate or interfere with any other payment authorized by the Department of Justice or other Federal law enforcement agencies for the obtaining of information or other evidence, the Secretary of the Treasury, in consultation with the Secretary of State, the Attorney General, and the heads of such other agencies as the Secretary may find appropriate, shall establish procedures for the offering, administration, and payment of rewards under this section, including procedures for—

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

(B) the receipt and analysis of data; and

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

(2) PRIOR APPROVAL OF THE ATTORNEY GENERAL REQUIRED.—Before making a reward under this section in a matter over which there is Federal criminal jurisdiction, the Secretary of the Treasury shall obtain the written concurrence of the Attorney General.

(d) PAYMENT OF REWARDS.—

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

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

(3) PRESIDENTIAL AUTHORITY.—The President may waive the limitation under paragraph (2) with respect to a calendar year if the President provides written notice of such waiver to the appropriate committees of the Congress at least 30 days before any payment in excess of such limitation is made pursuant to this section.

(4) PAYMENT FROM STOLEN ASSET AMOUNTS.—In paying any reward under this section with respect to information furnished by an individual, the Secretary shall, to the extent possible,

make such payments using the stolen assets recovered based on such information before using appropriated funds authorized under paragraph (1).

(e) LIMITATIONS.—

(1) SUBMISSION OF INFORMATION.—No award may be made under this section based on information submitted to the Secretary unless such information is submitted under penalty of perjury.

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

(A) personally authorizes such greater amount in writing;

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

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

(3) APPROVAL.—

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

(B) DELEGATION.—The Secretary may not delegate the approval required under subparagraph (A) to anyone other than an Under Secretary of the Department of the Treasury.

(4) PROTECTION MEASURES.—If the Secretary determines that the identity of the recipient of a reward or of the members of the recipient's immediate family must be protected, the Secretary shall take such measures in connection with the payment of the reward as the Secretary considers necessary to effect such protection.

(5) FORMS OF REWARD PAYMENT.—The Secretary may make a reward under this section in the form of a monetary payment.

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

(1) OFFICER AND EMPLOYEES.—An officer or employee of any entity of Federal, State, or local government or of a foreign government who, while in the performance of official duties, furnishes information described under subsection (b) shall not be eligible for a reward under this section.

(2) PARTICIPATING INDIVIDUALS.—If the claim for a reward is brought by an individual who the Secretary has a reasonable basis to believe knowingly planned, initiated, directly participated in, or facilitated the actions that led to assets of a foreign state or governmental entity being stolen, misappropriated, or illegally diverted or to the payment of bribes or other foreign governmental corruption, the Secretary shall appropriately reduce, and may deny, such award. If such individual is convicted of criminal conduct arising from the role described in the preceding sentence, the Secretary shall deny or may seek to recover any reward, as the case may be.

(g) REPORT.—

(1) IN GENERAL.—Within 180 days of the enactment of this section, and annually thereafter for 5 years, the Secretary shall issue a report to the appropriate committees of the Congress—

(A) detailing to the greatest extent possible the amount, location, and ownership or beneficial ownership of any stolen assets that, on or after the date of the enactment of this

section, come within the United States or that come within the possession or control of any United States person;

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

(C) including a discussion of the interactions of the Department of the Treasury with the international financial institutions (as defined in section 1701(c)(2) of the International Financial Institutions Act) to identify the amount, location, and ownership, or beneficial ownership, of stolen assets held in financial institutions outside the United States.

(2) **EXCEPTION FOR ONGOING INVESTIGATIONS.**—The report issued under paragraph (1) shall not include information related to ongoing investigations.

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

(1) **APPROPRIATE COMMITTEES OF THE CONGRESS.**—The term “appropriate committees of the Congress” means the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate.

(2) **FINANCIAL ASSET.**—The term ‘financial asset’ means any funds, investments, or ownership interests, as defined by the Secretary, that on or after the date of the enactment of this section come within the United States or that come within the possession or control of any United States person.

(3) **FOREIGN GOVERNMENT CORRUPTION.**—The term “foreign government corruption” includes bribery of a foreign public official, or the misappropriation, theft, or embezzlement of public funds or property by or for the benefit of a foreign public official.

(4) **FOREIGN PUBLIC OFFICIAL.**—The term “foreign public official” includes any person who occupies a public office by virtue of having been elected, appointed, or employed, including any military, civilian, special, honorary, temporary, or uncompensated official.

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

(6) **REWARDS PROGRAM.**—The term “rewards program” means the program established in subsection (a)(1) of this section.

(7) **SECRETARY.**—The term “Secretary” means the Secretary of the Treasury.

(8) **STOLEN ASSETS.**—The term “stolen assets” means financial assets within the jurisdiction of the United States, constituting, derived from, or traceable to, any proceeds obtained directly or indirectly from foreign government corruption.