

*Bennet 1st degree #1*

AMENDMENT NO. \_\_\_\_\_ Calendar No. \_\_\_\_\_

Purpose: To prohibit certain individuals from engaging in prohibited financial transactions, and for other purposes.

**IN THE SENATE OF THE UNITED STATES—119th Cong., 2d Sess.**

**S.** \_\_\_\_\_

To provide for a system of regulation of the offer and sale of digital commodities by the Commodity Futures Trading Commission, and for other purposes.

Referred to the Committee on \_\_\_\_\_ and  
ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT intended to be proposed by Mr. BENNET

Viz:

1 At the appropriate place, insert the following:

2 **SEC. \_\_\_\_\_. DIGITAL ASSET ETHICS ACT.**

3 (a) **SHORT TITLE.**—This section may be cited as the  
4 “Digital Asset Ethics Act”.

5 (b) **PROHIBITED FINANCIAL TRANSACTIONS.**—

6 (1) **DEFINITIONS.**—In this subsection:

7 (A) **CANDIDATE.**—The term “candidate”  
8 has the meaning given the term in section 301  
9 of the Federal Election Campaign Act of 1971  
10 (52 U.S.C. 30101).

1 (B) COVERED ELECTION.—The term “cov-  
2 ered election” means an election for the office  
3 of—

4 (i) President;

5 (ii) Vice President;

6 (iii) United States Senator;

7 (iv) United States Representative;

8 (v) Delegate to Congress; or

9 (vi) Resident Commissioner of Puerto  
10 Rico.

11 (C) COVERED INDIVIDUAL.—The term  
12 “covered individual” means—

13 (i) the President;

14 (ii) the Vice President;

15 (iii) a United States Senator;

16 (iv) a United States Representative;

17 (v) a Delegate to Congress;

18 (vi) a Resident Commissioner of Puer-  
19 to Rico; or

20 (vii) a candidate.

21 (D) COVERED INVESTMENT.—The term  
22 “covered investment” means any digital asset.

23 (E) PROHIBITED FINANCIAL TRANS-  
24 ACTION.—The term “prohibited financial trans-  
25 action” means—

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1 (i) with respect to any covered indi-  
2 vidual, any issuance, sponsorship, or en-  
3 dorsement of a covered investment; and

4 (ii) with respect to any covered indi-  
5 vidual who is not a candidate—

6 (I) any purchase, sale, holding,  
7 or other conduct that causes the cov-  
8 ered individual to obtain a covered in-  
9 vestment;

10 (II) any acquisition of any finan-  
11 cial interest comparable to an interest  
12 described in clause (i) or subclause (I)  
13 of this clause through synthetic  
14 means, such as the use of a derivative,  
15 including an option, warrant, or other  
16 similar means; or

17 (III) any acquisition of any fi-  
18 nancial interest comparable to an in-  
19 terest described in clause (i) or sub-  
20 clause (I) of this clause as part of an  
21 aggregation or compilation of such in-  
22 terests through a mutual fund, ex-  
23 change-traded fund, or other similar  
24 means.

1 (F) QUALIFIED BLIND TRUST.—The term  
2 “qualified blind trust” means a qualified blind  
3 trust (as defined in section 13104(f)(3) of title  
4 5, United States Code) that has been approved  
5 in writing by the applicable supervising ethics  
6 office under subparagraph (D) of such section  
7 13104(f)(3).

8 (G) SUPERVISING ETHICS OFFICE.—The  
9 term “supervising ethics office” has the mean-  
10 ing given the term in section 13101 of title 5,  
11 United States Code.

12 (2) PROHIBITED FINANCIAL TRANSACTIONS.—  
13 Except as provided in paragraph (3), a covered indi-  
14 vidual may not engage in any prohibited financial  
15 transaction—

16 (A) with respect to a covered individual  
17 who is a candidate, during the period beginning  
18 on the date on which the candidate designates  
19 the principal campaign committee of the can-  
20 didate under section 302(e)(1) of the Federal  
21 Election Campaign Act of 1971 (52 U.S.C.  
22 30102(e)(1)) for a covered election and ending  
23 on the date of the covered election;

24 (B) during the term of service of the cov-  
25 ered individual; or

1 (C) during the 1-year period beginning on  
2 the date on which the service of the covered in-  
3 dividual is terminated.

4 (3) QUALIFIED BLIND TRUST.—

5 (A) IN GENERAL.—During any of the peri-  
6 ods described in paragraph (2), for each cov-  
7 ered investment owned by a covered individual  
8 who is not a candidate, the covered individual  
9 shall place the covered investment in a qualified  
10 blind trust, including by establishing a qualified  
11 blind trust for that purpose, if necessary.

12 (B) QUALIFIED BLIND TRUST REQUIRE-  
13 MENTS.—A qualified blind trust may not be es-  
14 tablished for purposes of complying with this  
15 subsection without the prior approval of the ap-  
16 plicable supervising ethics office. With respect  
17 to any such trust so approved, the applicable  
18 trustee—

19 (i) shall divest of any such instrument  
20 placed in the trust not later than 6 months  
21 after the trust is established;

22 (ii) shall certify to the applicable su-  
23 pervising ethics office on an annual basis  
24 that the trustee has not provided any in-  
25 formation on the trust's assets or trans-



1 actions to the applicable covered individual;  
2 and

3 (iii) may not have a close personal or  
4 business relationship with the applicable  
5 covered individual.

6 (4) REPORTING REQUIREMENTS.—Each super-  
7 vising ethics office shall make available on the public  
8 website of the supervising ethics office a copy of any  
9 qualified blind trust agreement of each covered indi-  
10 vidual who is not a candidate.

11 (5) LIABILITY AND IMMUNITY.—For purposes  
12 of any immunities to civil or criminal liability, any  
13 conduct comprising or relating to a prohibited finan-  
14 cial transaction under this section shall be deemed  
15 an unofficial act and beyond the scope of the official  
16 duties of the relevant covered individual.

17 (6) CIVIL PENALTIES.—

18 (A) CIVIL ACTION.—The Attorney General  
19 may bring a civil action in any appropriate dis-  
20 trict court of the United States against any cov-  
21 ered individual who violates paragraph (2).

22 (B) CIVIL PENALTY.—Any covered indi-  
23 vidual who knowingly violates paragraph (2)  
24 shall be subject to a civil monetary penalty of  
25 not more than \$250,000.

1 (C) DISGORGEMENT.—A covered individual  
2 who is found in a civil action under subpara-  
3 graph (A) to have violated paragraph (2) shall  
4 disgorge to the Treasury of the United States  
5 any profit from the unlawful activity that is the  
6 subject of that civil action.

7 (7) CRIMINAL PENALTIES.—

8 (A) IN GENERAL.—It shall be unlawful for  
9 a covered individual to—

10 (i) knowingly violate paragraph (2);

11 and

12 (ii) through such violation—

13 (I) cause an aggregate loss of not  
14 less than \$1,000,000 to 1 or more  
15 persons in the United States; or

16 (II) benefit financially, through  
17 profit, gain, or advantage, directly or  
18 indirectly through any family member  
19 or business associate of the covered  
20 individual, from a prohibited financial  
21 transaction.

22 (B) PENALTY.—A covered individual who  
23 violates subparagraph (A) shall be fined under  
24 title 18, United States Code, imprisoned for not  
25 more than 18 years, or both.