

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 Puerto Rico; or
19 (vii) a candidate.

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

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

- (i) with respect to any covered individual, any issuance, sponsorship, or endorsement of a covered investment; and
- (ii) with respect to any covered individual who is not a candidate—
 - (I) any purchase, sale, holding, or other conduct that causes the covered individual to obtain a covered investment;
 - (II) any acquisition of any financial interest comparable to an interest described in clause (i) or subclause (I) of this clause through synthetic means, such as the use of a derivative, including an option, warrant, or other similar means; or
 - (III) any acquisition of any financial interest comparable to an interest described in clause (i) or subclause (I) of this clause as part of an aggregation or compilation of such interests through a mutual fund, exchange-traded fund, or other similar 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.

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

(C) during the 1-year period beginning on the date on which the service of the covered individual is terminated.

4 (3) QUALIFIED BLIND TRUST.—

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.—

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.