

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 ADULT CHILD.—The term
2 “covered adult child” means, with respect to
3 any covered individual, any individual who—

4 (i) is a son, daughter, stepson, or
5 stepdaughter;

6 (ii) is not a dependent child of the
7 covered individual; and

8 (iii) has a financial interest in any en-
9 tity owned or controlled by the covered in-
10 dividual.

11 (C) COVERED ELECTION.—The term “cov-
12 ered election” means an election for the office
13 of—

14 (i) President;

15 (ii) Vice President;

16 (iii) United States Senator;

17 (iv) United States Representative;

18 (v) Delegate to Congress; or

19 (vi) Resident Commissioner of Puerto
20 Rico.

21 (D) COVERED FAMILY MEMBER.—The
22 term “covered family member” means a spouse,
23 dependent child, or covered adult child of a cov-
24 ered individual.

1 (E) COVERED INDIVIDUAL.—The term

2 “covered individual” means—

3 (i) the President;

4 (ii) the Vice President;

5 (iii) a United States Senator;

6 (iv) a United States Representative;

7 (v) a Delegate to Congress;

8 (vi) a Resident Commissioner of Puer-

9 to Rico; or

10 (vii) a candidate.

11 (F) COVERED INVESTMENT.—The term

12 “covered investment” means any digital asset.

13 (G) DEPENDENT CHILD.—The term “de-

14 pendent child” means, with respect to any cov-

15 ered individual, any individual who is a son,

16 daughter, stepson, or stepdaughter and who—

17 (i) is unmarried and under age 21

18 and is living in the household of such cov-

19 ered individual; or

20 (ii) is a dependent of such covered in-

21 dividual within the meaning of section 152

22 of the Internal Revenue Code of 1986 (26

23 U.S.C. 152).

1 (H) PROHIBITED FINANCIAL TRANS-
2 ACTION.—The term “prohibited financial trans-
3 action” means—

4 (i) with respect to any covered indi-
5 vidual and any covered family member, any
6 issuance, sponsorship, or endorsement of a
7 covered investment; and

8 (ii) with respect to any covered indi-
9 vidual who is not a candidate and any cov-
10 ered family member of such a covered indi-
11 vidual—

12 (I) any purchase, sale, holding,
13 or other conduct that causes the cov-
14 ered individual or covered family
15 member to obtain a covered invest-
16 ment;

17 (II) any acquisition of any finan-
18 cial interest comparable to an interest
19 described in clause (i) or subclause (I)
20 of this clause through synthetic
21 means, such as the use of a derivative,
22 including an option, warrant, or other
23 similar means; or

24 (III) any acquisition of any fi-
25 nancial interest comparable to an in-

1 terest described in clause (i) or sub-
2 clause (I) of this clause as part of an
3 aggregation or compilation of such in-
4 terests through a mutual fund, ex-
5 change-traded fund, or other similar
6 means.

7 (I) QUALIFIED BLIND TRUST.—The term
8 “qualified blind trust” means a qualified blind
9 trust (as defined in section 13104(f)(3) of title
10 5, United States Code) that has been approved
11 in writing by the applicable supervising ethics
12 office under subparagraph (D) of such section
13 13104(f)(3).

14 (J) SUPERVISING ETHICS OFFICE.—The
15 term “supervising ethics office” has the mean-
16 ing given the term in section 13101 of title 5,
17 United States Code.

18 (2) PROHIBITED FINANCIAL TRANSACTIONS.—
19 Except as provided in paragraph (3), a covered indi-
20 vidual or a covered family member may not engage
21 in any prohibited financial transaction—

22 (A) with respect to a covered individual
23 who is a candidate, during the period beginning
24 on the date on which the candidate designates
25 the principal campaign committee of the can-

1 didate under section 302(e)(1) of the Federal
2 Election Campaign Act of 1971 (52 U.S.C.
3 30102(e)(1)) for a covered election and ending
4 on the date of the covered election;

5 (B) during the term of service of the cov-
6 ered individual; or

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

10 (3) QUALIFIED BLIND TRUST.—

11 (A) IN GENERAL.—During any of the peri-
12 ods described in paragraph (2), for each cov-
13 ered investment owned by a covered individual
14 who is not a candidate, or the covered family
15 member of such a covered individual, the cov-
16 ered individual or covered family member shall
17 place the covered investment in a qualified blind
18 trust, including by establishing a qualified blind
19 trust for that purpose, if necessary.

20 (B) QUALIFIED BLIND TRUST REQUIRE-
21 MENTS.—A qualified blind trust may not be es-
22 tablished for purposes of complying with this
23 subsection without the prior approval of the ap-
24 plicable supervising ethics office. With respect

1 to any such trust so approved, the applicable
2 trustee—

3 (i) shall divest of any such instrument
4 placed in the trust not later than 6 months
5 after the trust is established;

6 (ii) shall certify to the applicable su-
7 pervising ethics office on an annual basis
8 that the trustee has not provided any in-
9 formation on the trust's assets or trans-
10 actions to the applicable covered individual
11 or covered family member; and

12 (iii) may not have a close personal or
13 business relationship with the applicable
14 covered individual or covered family mem-
15 ber.

16 (4) REPORTING REQUIREMENTS.—Each super-
17 vising ethics office shall make available on the public
18 website of the supervising ethics office a copy of any
19 qualified blind trust agreement of each covered indi-
20 vidual who is not a candidate and each covered fam-
21 ily member of covered individual who is not a can-
22 didate.

23 (5) LIABILITY AND IMMUNITY.—For purposes
24 of any immunities to civil or criminal liability, any
25 conduct comprising or relating to a prohibited finan-

1 cial transaction under this section shall be deemed
2 an unofficial act and beyond the scope of the official
3 duties of the relevant covered individual.

4 (6) CIVIL PENALTIES.—

5 (A) CIVIL ACTION.—The Attorney General
6 may bring a civil action in any appropriate dis-
7 trict court of the United States against any cov-
8 ered individual or covered family member who
9 violates paragraph (2).

10 (B) CIVIL PENALTY.—Any covered indi-
11 vidual or covered family member who knowingly
12 violates paragraph (2) shall be subject to a civil
13 monetary penalty of not more than \$250,000.

14 (C) DISGORGEMENT.—A covered individual
15 or covered family member who is found in a
16 civil action under subparagraph (A) to have vio-
17 lated paragraph (2) shall disgorge to the Treas-
18 ury of the United States any profit from the
19 unlawful activity that is the subject of that civil
20 action.

21 (7) CRIMINAL PENALTIES.—

22 (A) IN GENERAL.—It shall be unlawful for
23 a covered individual or covered family member
24 to—

1 (i) knowingly violate paragraph (2);

2 and

3 (ii) through such violation—

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

7 (II) benefit financially, through
8 profit, gain, or advantage, directly or
9 indirectly through any family member
10 or business associate of the covered
11 individual or covered family member,
12 from a prohibited financial trans-
13 action.

14 (B) PENALTY.—A covered individual or
15 covered family member who violates subpara-
16 graph (A) shall be fined under title 18, United
17 States Code, imprisoned for not more than 18
18 years, or both.