

Digital Asset Sanctions Compliance Enhancement Act of 2022

In response to Russia's invasion of Ukraine, the United States and its allies have deployed some of the [strongest](#) economic sanctions in history. These measures include sanctions on Russia's largest banks and companies; banning several Russian financial institutions from SWIFT, the international payments messaging system; and a freeze on the Russian central bank's foreign reserves. The international community has also taken coordinated [steps](#) to locate and freeze the assets of Russian elites while large corporations and payment services, including [Visa and Mastercard](#), have chosen to curtail operations in Russia. These historic actions have severely restricted Russia's access to the global financial system.

The [Treasury Department](#), [Department of Justice](#), the [United Nations Security Council](#), and other national security experts have long warned that cryptocurrency may provide sanctioned individuals and entities with a way around economic sanctions. Indeed, a recent [FinCEN](#) alert warns that "sanctioned persons [and] illicit actors" may try to use digital assets to evade the expansive sanctions imposed in response to Russia's invasion of Ukraine.

The *Digital Asset Sanctions Compliance Enhancement Act* would combat the risk of Russian actors from using digital assets to evade international sanctions by discouraging foreign crypto firms from doing business with sanctioned Russian elites, providing the Administration with authority to suspend transactions with Russia-linked crypto addresses, and increasing transparency around crypto holdings.

Specifically, the *Digital Asset Sanctions Compliance Enhancement Act* would close potential avenues for evasion of sanctions against Russia by:

- Requiring the President to identify foreign digital asset actors that are facilitating evasion of sanctions against Russia, and authorizing the President to sanction such actors, prohibiting their transactions with U.S. persons and blocking their assets.
- Providing the Treasury Secretary clear authority to prohibit digital asset trading platforms and transaction facilitators under U.S. jurisdiction from transacting with cryptocurrency addresses that are known to be, or could reasonably be known to be, in Russia.
- Directing FinCEN to require U.S. taxpayers engaged in a transaction with a value greater than \$10K of cryptocurrency offshore to file FinCEN Form 114 (FBAR).
- Requiring the Treasury Department to report on its progress in implementing these provisions, including any resources needed by the Department to improve implementation and progress in coordinating with foreign partners.
- Requiring the Treasury Department to issue a public report identifying foreign digital asset trading platforms that are determined to be high risk for sanctions evasion, money laundering, or other illicit activities.