

# The Digital Asset Anti-Money Laundering Act of 2022

## *Senators Elizabeth Warren and Roger Marshall*

The [Treasury Department](#), [Department of Justice](#), and other national security experts have warned that digital assets are increasingly being used for money laundering, theft and fraud schemes, trafficking, terrorist financing, and other crimes. Rogue nations like [Iran](#), [Russia](#), and [North Korea](#) – which has emerged as one of the world’s most prolific crypto-criminals, stealing at least [\\$1 billion](#) in digital assets in 2022 alone – have turned to digital assets to launder stolen funds, evade sanctions, and fund illegal weapons programs. As the international [Financial Action Task Force](#) warned, “gaps in the global regulatory system have created significant loopholes for criminals and terrorists to abuse,” risking the creation of a “virtual safe haven for the financial transactions of criminals and terrorists.” In 2021, cybercriminals [raked](#) in at least \$14 billion in digital assets, an all-time high.

The *Digital Asset Anti-Money Laundering Act* would mitigate the risks that digital assets pose to our national security by closing loopholes and bringing the digital asset ecosystem into greater compliance with the anti-money laundering and countering the financing of terrorism (AML/CFT) frameworks governing the greater financial system.

Specifically, the *Digital Asset Anti-Money Laundering Act* would:

- Extend Bank Secrecy Act (BSA) responsibilities, including Know-Your-Customer requirements, to digital asset wallet providers, miners, validators, and other network participants that may act to validate, secure, or facilitate digital asset transactions by directing FinCEN to designate these actors as money service businesses (MSBs).
- Address a major gap with respect to “unhosted” digital wallets – which allow individuals to bypass AML and sanctions checks – by directing FinCEN to finalize and implement its December 2020 [proposed rule](#), which would require banks and MSBs to verify customer and counterparty identities, keep records, and file reports in relation to certain digital asset transactions involving unhosted wallets or wallets hosted in non-BSA compliant jurisdictions.
- Prohibit financial institutions from using or transacting with digital asset mixers and other anonymity-enhancing technologies and from handling, using, or transacting with digital assets that have been anonymized using these technologies.
- Strengthen enforcement of BSA compliance by directing the Treasury Department to establish an AML/CFT compliance examination and review process for MSBs and directing the Securities and Exchange Commission and Commodity Futures Trading Commission to establish AML/CFT compliance examination and review processes for the entities it regulates.
- Extend BSA rules regarding reporting of foreign bank accounts to include digital assets by requiring United States persons engaged in a transaction with a value greater than \$10,000 in digital assets through one or more offshore accounts to file a Report of Foreign Bank and Financial Accounts (FBAR) with the Internal Revenue Service.
- Mitigate the illicit finance risks of digital asset ATMs by directing FinCEN to ensure that digital asset ATM owners and administrators regularly submit and update the physical addresses of the kiosks they own or operate and verify customer identity.