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(Original Signature of Member)

118TH CONGRESS
1ST SESSION

H. R. _____

To require the Secretary of the Treasury to study the threat of digital location obfuscation as it relates to national security and financial technology, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. NUNN of Iowa introduced the following bill; which was referred to the Committee on _____

A BILL

To require the Secretary of the Treasury to study the threat of digital location obfuscation as it relates to national security and financial technology, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; FINDINGS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Stop Terrorism and Illicit Finance Location Exploitation
6 Act of 2023” or the “STIFLE Act of 2023”.

7 (b) FINDINGS.—The Congress finds the following:

1 (1) Financial sanctions are a primary national
2 security tool for the United States.

3 (2) Financial technology has created both new
4 beneficial financial innovations and emerging illicit
5 finance risks, including the evasion of sanctions.

6 (3) A financial technology platform must be
7 able to determine the precise location of an active
8 user of the platform to effectively implement loca-
9 tion-based access controls for compliance with—

10 (A) sanctions programs administered by
11 the Office of Foreign Assets Control;

12 (B) obligations imposed by the Anti-Money
13 Laundering Act of 2020, the Bank Secrecy Act,
14 and regulations associated with such Acts; and

15 (C) any other regulatory obligation.

16 (4) Financial technology platforms generally
17 use an Internet Protocol (in this Act referred to as
18 “IP”) address as the primary or sole indicator of
19 their users’ precise location.

20 (5) IP addresses were first created in 1974 and
21 standardized in 1983 as unique identification num-
22 bers attributed to devices on an interconnected com-
23 puter network and are the foundation of the modern
24 internet.

1 (6) IP addresses are assigned by Internet Serv-
2 ice Providers (in this Act referred to as “ISPs”) and
3 have become a less accurate determinant of precise
4 location as a result of the proliferation of mobile de-
5 vices, dynamic IP addresses, globalized content de-
6 livery networks, and other innovations.

7 (7) IP addresses can be manipulated through
8 the use of Virtual Private Networks (in this Act re-
9 ferred to as “VPNs”), proxy servers, anonymizing
10 darknet website browsers, and other location obfus-
11 cation techniques for the purpose of—

12 (A) illicit finance;

13 (B) evading detection under existing sanc-
14 tions; and

15 (C) evading requirements set forth in the
16 Anti-Money Laundering Act of 2020 and the
17 Bank Secrecy Act.

18 (8) Global System for Mobiles triangulation,
19 Wi-Fi triangulation, and GPS data provide substan-
20 tially more accurate location information than IP
21 addresses, but are individually susceptible to similar
22 manipulation through device tampering, freely avail-
23 able downloadable software, and other obfuscation
24 techniques.

1 (9) Technology that combines enhanced data
2 analytics with aggregated authentic sources of loca-
3 tion data is widely used to effectively ensure compli-
4 ance with United States sanctions, the Anti-Money
5 Laundering Act of 2020, the Bank Secrecy Act, and
6 other statutory and regulatory requirements.

7 **SEC. 2. REPORT ON THE THREAT OF DIGITAL LOCATION**
8 **OBFUSCATION TO NATIONAL SECURITY AND**
9 **FINANCIAL TECHNOLOGY COMPLIANCE OBLI-**
10 **GATIONS.**

11 (a) STUDY.—The Secretary of the Treasury, acting
12 through the Undersecretary of the Treasury for Terrorism
13 and Financial Intelligence, and in consultation with tech-
14 nology experts, national security experts, and law enforce-
15 ment, shall conduct a study to assess the following:

16 (1) The role that location obfuscation tech-
17 niques, including VPNs, proxy servers, GPS location
18 manipulation applications, and device tampering
19 plays in money laundering, sanctions evasion, and
20 other forms of illicit finance.

21 (2) The ease with which an illicit actor can ma-
22 nipulate and falsify location data relevant to compli-
23 ance with sanctions, the Anti-Money Laundering Act
24 of 2020, the Bank Secrecy Act, and any other statu-
25 tory and regulatory obligation.

1 (3) The degree to which a financial technology
2 platform relies upon an IP address as the primary
3 or sole indicator of the precise location of a user of
4 the platform.

5 (4) The ability of a financial technology plat-
6 form to use multiple aggregated points of location
7 data to indicate the precise location of a user of
8 such platform if an illicit actor manipulates one or
9 more of such data points.

10 (b) REPORT.—Not later than 1 year after the date
11 of the enactment of this Act, the Secretary of the Treas-
12 ury, acting through the Undersecretary of the Treasury
13 for Terrorism and Financial Intelligence, and in consulta-
14 tion with technology experts, national security experts,
15 and law enforcement, shall submit to the Congress a re-
16 port that contains the following:

17 (1) Each finding and determination made in
18 the study required under subsection (a).

19 (2) Any insufficiency in or lack of available
20 data inhibiting any finding and determination made
21 in the study required under subsection (a).

22 (3) A comprehensive analysis of any cost, ben-
23 efit, and potential risk associated with the mod-
24 ernization of precise location standards used by a fi-
25 nancial technology platform that relies on an IP ad-

1 dress as the primary or sole indicator of the precise
2 location of a user of the platform.

3 (4) A comprehensive analysis of the ways in
4 which technology that combines enhanced data ana-
5 lytics with multiple aggregated and authenticated
6 sources of location data may be used to reduce eva-
7 sion of United States sanctions, requirements under
8 the Anti-Money Laundering Act of 2020, the Bank
9 Secrecy Act, and any other statutory and regulatory
10 obligation.

11 (c) DEFINITIONS.—In this Act:

12 (1) ANTI-MONEY LAUNDERING ACT OF 2020.—
13 The term “Anti-Money Laundering Act of 2020”
14 means Division F of the National Defense Author-
15 ization Act for Fiscal Year 2021.

16 (2) BANK SECRECY ACT.—The term “Bank Se-
17 crecy Act” has the meaning given the term under
18 section 6303 of the Anti-Money Laundering Act of
19 2020 (31 U.S.C. 5301 note).