

H.R. 389, Kleptocracy Asset Recovery Rewards Act

As ordered reported by the House Committee on Financial Services on March 28, 2019

Millions of Dollars	2019	2019-2024	2019-2029
Direct Spending (Outlays)	n.a.	n.a.	n.a.
Revenues	n.a.	n.a.	n.a.
Deficit Effect	n.a.	n.a.	n.a.
Spending Subject to Appropriation (Outlays)	0	*	n.e.
Pay-as-you-go procedures apply?	No	Mandate Effects	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2030?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No
n.a. = not applicable; * = between -\$500,000 and \$500,000; n.e. = not estimated.			

H.R. 389 would amend federal law to establish within the Department of the Treasury the Kleptocracy Asset Recovery Rewards Program. H.R. 389 defines kleptocracy as a government with corrupt leaders that use their power to exploit their people and natural resources to extend their personal wealth and political power. The bill would authorize the appropriation of \$450,000 for rewards to individuals providing information to the government about such assets of a corrupt foreign government that are on deposit with a U.S. financial institution. CBO estimates that implementing H.R. 389 would cost less than \$500,000; any spending would be subject to the availability of appropriated funds.

Most of the bill's provisions would codify existing policy and practice. There is a Kleptocracy Asset Recovery Initiative within the Department of Justice that investigates and prosecutes corrupt foreign leaders. Since 2010 the Initiative has helped repatriate more than \$150 million in assets to foreign governments that was previously lost to corruption. In addition, the Department of State and the Internal Revenue Service have similar programs.

Under H.R. 389, any funds recovered by the Treasury from such corrupt governments in future years would be available for such rewards. Treasury also would report to the Congress on the implementation of the program. It is unclear whether any assets seized by the government from U.S. financial institutions on behalf of the rightful owners of those assets could be used by the federal government to reward informers. Generally when the federal government takes control of assets that belong to others, those amounts are considered nonbudgetary and their collection and disbursement do not affect the deficit.

The CBO staff contact for this estimate is Matthew Pickford. The estimate was reviewed by Theresa Gullo, Assistant Director for Budget Analysis.