

Congress Must Close Money Laundering and Sanctions Evasion Loopholes in Final Cryptocurrency Legislation

A statement from Transparency International U.S.
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WASHINGTON, D.C. – Today the U.S. Senate approved the *Guaranteeing Enforceable Necessary Inspections and Uniform Safeguards Act* (GENIUS Act), a bill intended to establish new regulatory standards for stablecoin issuers and digital asset markets. Similarly, the U.S. House recently began to move forward the *Cryptocurrency Location Attribution and Restructuring of International Threats to You Act* (CLARITY Act). Both chambers are now expected to negotiate a final, conference text for bicameral passage and adoption.

As Congress considers how to shape this legislation, it must include four key changes that are essential to protecting the U.S. financial system from abuse by corrupt actors, kleptocrats, and adversarial regimes. These include:

1. **Closing the “Tether loophole”** by clearly defining “issue” to include foreign stablecoins made available in U.S. markets through the secondary market;
2. **Applying anti-money laundering (AML) and countering the financing of terrorism (CFT) obligations** to all digital asset service providers that move or custody stablecoins—not just stablecoin issuers;
3. **Empowering U.S. agencies to enforce sanctions violations** by foreign stablecoin users and to sanction anonymizing services like mixers used to obscure illicit flows;
4. **Eliminating exemptions for decentralized platforms and services** and applying AML/CFT standards to all parties with control or influence over stablecoin networks.

Scott Greytak, Deputy Executive Director of Transparency International U.S. (TI US), issued the following statement:

As currently written, both the GENIUS Act and the CLARITY Act risk opening the door to a new era of illicit finance, enabling America’s adversaries, corrupt officials, and other bad actors to exploit the stablecoin ecosystem to launder money, finance corruption, and evade U.S. sanctions. These four changes are not just technical fixes—they are essential safeguards. Congress

must act now to close these loopholes and prevent America's digital dollar infrastructure from becoming the next haven for kleptocrats and criminals.

Transparency International U.S. and its partners urge lawmakers to incorporate these solutions into any final version of the GENIUS Act. Failing to do so would hand a powerful new tool to the very actors seeking to undermine U.S. national security, financial integrity, and democratic institutions.

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Transparency International U.S. is part of the world's largest coalition against corruption. In collaboration with national chapters in more than 100 countries, we are leading the fight to turn our vision of a world free from corruption into reality.

Related Resources

- [Read](#) the GENIUS Act as passed by the U.S. Senate;
- [Read](#) the CLARITY Act currently before the U.S. House;
- [Read](#) a letter to Senate leadership from organizations and individuals working to combat kleptocracy highlighting how the GENIUS Act would allow serious vulnerabilities in the U.S. financial system.

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