

January 20, 2026

The Honorable Tim Scott
Chair
Senate Committee on Banking, Housing,
and Urban Affairs
534 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Elizabeth Warren
Ranking Member
Senate Committee on Banking, Housing,
and Urban Affairs
534 Dirksen Senate Office Building
Washington, D.C. 20510

Re: Support for Amendment 42 (Reed-Kim) and Amendment 47 (Reed) to Senate Banking Committee's Cryptocurrency Market Structure Bill

Dear Chair Scott, Ranking Member Warren, and Members of the Senate Committee on Banking, Housing, and Urban Affairs,

On behalf of a coalition of organizations focused on combating foreign corruption and kleptocracy, we write to express our support for two amendments—Amendment 42, sponsored by Senators Reed and Kim, and Amendment 47, sponsored by Senator Reed—offered to the digital asset market structure legislation currently under consideration by the Committee.

As we noted in our most recent coalition letter, any durable digital asset legislation should include strong safeguards against money laundering, sanctions evasion, and other illicit finance risks, and should ensure that innovation in this space does not come at the expense of U.S. national security or financial integrity.

These amendments advance those goals in a targeted and pragmatic way by preserving existing authorities and avoiding the creation of new loopholes.

First, Amendment 42 (Reed-Kim) would clarify that existing U.S. sanctions authorities apply when financial activity is conducted through decentralized finance (“DeFi”) tools, smart contracts, or similar technologies, and that digital asset platforms serving U.S. customers remain subject to U.S. law regardless of their structure or domicile. This clarification is important given well-documented sanctions-evasion and illicit finance activity involving digital assets, including U.S. Department of the Treasury (“Treasury”) actions describing the use of mixing services, obfuscation tools, and noncompliant or offshore platforms to move value outside traditional compliance frameworks.

For example, North Korea-linked cyber actors have been publicly tied to laundering stolen virtual assets through mixing services and other software-mediated mechanisms, while Treasury and law enforcement have also taken action against Russia-linked virtual asset infrastructure associated with illicit finance and sanctions evasion. Treasury has likewise described Iran-linked networks using cryptocurrency transfers as part of sanctions-evasion and “shadow banking” typologies to move funds outside the regulated financial system. Against this backdrop, Amendment 42 would help ensure that sanctions obligations do not turn on the label or technical architecture of a platform, and that firms cannot avoid U.S. law simply by reorganizing how transactions are executed.

This approach closely reflects the core concerns raised in our letter regarding sanctions evasion, regulatory arbitrage, and jurisdictional gaps, and does so without creating new regulatory regimes or expanding existing authorities.

Second, Amendment 47 (Reed) would prevent a provision in the underlying legislation from narrowing existing criminal anti-money laundering law. Our letter stressed the importance of avoiding statutory changes that could weaken long-standing enforcement tools. By preserving current criminal law, this amendment would help ensure that prosecutors retain the authorities they rely on to bring cases involving the use of digital assets to launder illicit funds or evade sanctions, including in matters involving sanctioned jurisdictions such as Iran or North Korea.

Taken together, these amendments represent an important step toward ensuring that digital asset legislation does not inadvertently undermine core protections against money laundering, corruption, and sanctions evasion.

We urge the Committee to support their inclusion as it continues its consideration of market structure legislation. We would be happy to engage further with the Committee to discuss these issues or provide any additional information that may be helpful. Please feel free to contact Scott Greytak, Deputy Executive Director for Transparency International U.S., at sgreytak@transparency.org.

Respectfully,

Transparency International U.S.
Financial Accountability and Corporate Transparency (FACT) Coalition
Nate Sibley, Kleptocracy Initiative, Hudson Institute
Free Russia Foundation