



THE DEPUTY SECRETARY OF THE TREASURY
WASHINGTON

November 28, 2023

The Honorable Sherrod Brown
Chairman
Committee on Banking, Housing,
And Urban Affairs
United States Senate
Washington, DC 20510

Dear Chairman Brown:

I appreciated the opportunity earlier this month to provide members of the Senate Banking Committee with a briefing on how Hamas and other terrorist groups are financing their operations. Following that briefing and at the request of members of the Committee, we have developed a set of legislative proposals that would provide Treasury with additional authorities needed to better prevent terrorist, rouge nations, and transnational criminal organizations from being able to use digital assets to move the resources they need to threaten our national security. Because of joint actions by Congress and the Biden Administration, actors such as Hamas, Palestinian Islamic Jihad, the DPRK, ISIS, and their enablers are finding it harder to use the traditional financial system to move money, which is why they are turning to the digital asset ecosystem.

Treasury has already taken a number of steps to cut off illicit actors from using the digital asset ecosystem to facilitate their destabilizing activities. Recently, Treasury announced its largest enforcement action in history against Binance – the world’s largest cryptocurrency exchange – with a total settlement amount of over \$4 billion and extensive monitoring of the company’s ongoing business to prevent illicit financial flows. Across more than 100,000 transactions, Binance allowed itself to be used by the perpetrators of terrorism, child sexual abuse, and illegal narcotic trafficking. We have also sanctioned virtual currencies mixers—a key money-laundering tool that allows cybercriminals to hide their assets—and launched a series of actions to increase transparency measures on convertible virtual currency mixers.

As terrorist, transnational criminals, and rouge states turn to digital assets to finance their activities, we need to build an enforcement regime that is capable of preventing this activity. There are significant gaps in our current legal framework, which in many cases has not been updated since 9/11. In order to root out illicit finance by players in digital asset markets and forums, we need additional tools and resources. That is why we are eager to work with Congress to adopt common-sense reforms that update our tools and authorities to match the evolving challenges we face today. These reforms, spelled out in more detail in the attached term sheet, include (1) a new secondary sanctions tool targeted at foreign digital assets providers that facilitate illicit finance; and (2) closing gaps in sanctions and AML/CFT authorities by expanding their reach to explicitly cover the key players and core activities of the digital assets ecosystem.

There is no greater responsibility we have than protecting our national security, and we look forward to partnering with Congress to ensure the Treasury Department can do its part.

Sincerely,



Wally Adeyemo