

June 4, 2026

The Honorable John Thune  
Senate Majority Leader  
United States Senate  
511 Dirksen Senate Office Building  
Washington, D.C. 20510

The Honorable Chuck Schumer  
Senate Minority Leader  
United States Senate  
322 Hart Senate Office Building  
Washington, D.C. 20510

Dear Senator Thune and Senator Schumer:

The undersigned advocacy organizations urge you to oppose the Senate version of the Digital Asset Market Clarity Act of 2025 (“CLARITY Act”) that was reported out of the Senate Banking Committee on May 14, 2026.<sup>1</sup> The bill as reported would provide the Senate’s stamp of approval to deregulate the industry while failing to uphold foundational priorities regarding public integrity, national security, and financial stability.

Cryptocurrency has quickly become a key vehicle for financial crime, fraud, and exploitation with consumers reporting losses of \$11.4 billion to crypto-related financial crime in 2025 alone according to the FBI.<sup>2</sup> This is a huge figure that is a vast undercount due to low victim reporting rates, and it does not include online hacks, theft, illicit finance, or many other types of unfair, abusive, or deceptive practices that are endemic to the crypto industry. When it comes to financial crimes and scams involving cryptocurrency, law enforcement officials have expressed concern that criminals, “are choosing the fastest and least regulated path to move money – and staying ahead because of it.”<sup>3</sup>

The bill reported out of the Senate Banking Committee contains:

### **Weak Bank Secrecy Act (BSA) and Anti-Money Laundering (AML) Requirements**

Title III and Title VI of the Senate bill fail to bring cryptocurrency platforms into full compliance with the same BSA/AML rules that traditional financial institutions have followed for decades, including oversight from the same regulators currently monitoring and enforcing illicit finance laws. The bill as reported out of the Banking Committee creates several dangerous gaps for illicit finance to proliferate. Crucially, the bill still contains a “DeFi Loophole” that explicitly exempts developers of decentralized platforms. This allows all sorts of illicit actors – organized crime,

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<sup>1</sup> Digital Asset Market Clarity Act of 2025, H.R. 3633, 119th Cong. (2025). <https://www.congress.gov/bill/119th-congress/house-bill/3633>

<sup>2</sup> Federal Bureau of Investigation, Internet Crime Complaint Center. (2026). *2025 Internet Crime Report* (p. 8). U.S. Department of Justice. [https://www.ic3.gov/AnnualReport/Reports/2025\\_IC3Report.pdf](https://www.ic3.gov/AnnualReport/Reports/2025_IC3Report.pdf)

<sup>3</sup> West, C. (2026, April 30). Cryptocurrency fraud losses surge. *The Hill*. <https://thehill.com/opinion/finance/5856585-cryptocurrency-fraud-losses-surge/>

human traffickers, and terrorist organizations – to route money through platforms where no central entity is held accountable.

There’s also the “Middlemen Problem” where exchanges, brokers, and custodians who handle and move crypto on behalf of users are still not clearly required to implement the same full AML programs that traditional banks must follow. These actors sit at the center of how money flows through the crypto ecosystem. Leaving them under-regulated creates a significant gap in oversight.

The bill stops well short of directly requiring the broader crypto ecosystem to follow the same rules as traditional banks. It emphasizes studies, coordination, and pilot programs, rather than required rulemaking or direct regulatory mandates for key players creating confusion and misalignment in the regulatory environment. It also does not explicitly expand enforcement authority over anonymizing technologies often used to mask illicit transactions. Without these safeguards, the U.S. financial system remains vulnerable to exploitation by organized crime, cartels, and terrorist organizations.

Prominent law enforcement organizations have expressed their opposition to the bill due to its lack of meaningful BSA and AML regulations. According to the National Sheriffs’ Association, “the proposed [Senate] amendment has serious flaws in setting up a [regulatory] framework for non-traditional participants.”<sup>4</sup> Similar concerns have been expressed by the National District Attorneys Association,<sup>5</sup> National Association of Assistant U.S. Attorneys,<sup>6</sup> the Major County Sheriffs of America, Association of State Criminal Investigative Agencies, International Association of Chiefs of Police, and the National Association of Police Organizations.<sup>7</sup>

Strong BSA/AML regulations should apply to the entire crypto ecosystem, including decentralized platforms, without exception. Direct regulatory mandates are needed to protect consumers, stop bad actors, and ensure meaningful enforcement.

## **Lack of Meaningful Ethics and Anti-Corruption Provisions**

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<sup>4</sup> National Sheriffs’ Association. (2026, May). *NSA letter to Senate Banking re H.R. 3633 CLARITY Act* [Letter]. <https://www.sheriffs.org/wp-content/uploads/2026/05/NSA-Letter-to-Senate-Banking-re-HR-3633-CLARITY-Act.pdf>

<sup>5</sup> Cortez Masto, C. (2026, May 13). *NDAA letter of concern regarding Clarity Act* [Letter]. <https://www.cortezmasto.senate.gov/wp-content/uploads/2026/05/NDAA-Letter-of-Concern-Clarity-Act-5-13-26.pdf>

<sup>6</sup> National Association of Assistant United States Attorneys. (2026, May 12). *NAAUSA statement on H.R. 3633 Senate Banking markup* [Position statement]. <https://www.cortezmasto.senate.gov/wp-content/uploads/2026/05/NAAUSA-Statement-on-H.R.-3633-Senate-Banking-Markup-%E2%80%93-May-12-2026.pdf>

<sup>7</sup> Cortez Masto, C. (2026, May). *Letter to Senate Banking Committee regarding Digital Asset Market Clarity Act* [Letter]. <https://www.cortezmasto.senate.gov/wp-content/uploads/2026/05/FINAL-Letter-Digital-Asset-Market-Clarity-Act-Senate-Banking-May-20265.pdf>

The CLARITY Act, as reported by the Banking Committee, fails to address the unprecedented conflicts of interest and corrosive impacts of high-ranking public officials, from the President of the United States on down, profiting from their own crypto ventures. It allows officials to leverage non-public information for personal gain, while enabling foreign governments to purchase cryptocurrency affiliated with public officials to secure political leverage. To protect our democratic norms, this legislation must include a ban on sponsoring, endorsing, or issuing digital assets that applies to all federal employees, including the President and his family.

President Trump and his family have already built an expansive crypto business that, according to Forbes magazine, accounts for an estimated \$3.3 billion of his \$5.5 billion fortune.<sup>8</sup> While he wields authority over the industry through executive orders and his appointees, and while his administration is working with Congress to shape the very laws that will regulate this industry for decades to come, the President himself promotes his own memecoins and is issuing stablecoins. Senators cannot accept legislation that falls short of prohibiting all elected and appointed public officials to high office and their families, including the President and Vice President, from promoting, issuing, or sponsoring crypto products and services, directly or indirectly.

### **Failure to Close the "Yield Loophole"**

Finally, despite the bipartisan negotiations that took place on this issue, Title IV, Section 404 of the Senate legislation still fails to close the "yield loophole" exposed by the GENIUS Act. While stablecoins were designed as payment instruments, crypto firms are bypassing the law by partnering with third-party platforms to pay interest or rewards to customers. If this loophole is not fixed and cryptocurrencies are allowed to distribute financial rewards, many consumers may choose to put their money in stablecoins and close down their bank accounts, resulting in a loss of capital for community investment and access to credit for actors in the real economy. Small community banks in rural areas and cities will be severely impacted, and the loss of liquidity will make it much more challenging for these banks to lend within their communities.

This practice also undermines the Community Reinvestment Act (CRA), which requires federally backed banks to reinvest in the communities they serve. The loophole weakens that framework by allowing stablecoin issuers to draw in deposits without being held to similar obligations and diverting critical resources from the low- and moderate-income households that need them most.

Rather than prohibiting interest-like payments, the bill's compromise language acts as a generous giveaway for stablecoin rewards, granting crypto platforms extensive legal leeway to offer risky, speculative yields that actively incentivize customers to drain their traditional bank deposits. If

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<sup>8</sup> Alexander, D. (2025, June 12). Crypto now accounts for most of Donald Trump's net worth. *Forbes*. <https://www.forbes.com/sites/danalexander/2025/06/12/crypto-now-accounts-for-most-of-donald-trumps-net-worth/>

the “yield loophole” remains essentially unaddressed, the deposit flight that results could lead to a \$110 billion contraction in local lending, which would be particularly devastating to rural and urban communities and small businesses across our country.<sup>9</sup>

Passing weak legislation that rewards wealthy special interests at the expense of consumer protection and market integrity will only repeat the deregulatory mistakes that led to past financial crises. We urge you to stand up for public integrity and financial fairness by voting against any cryptocurrency market structure bill that fails to address these three critical issues.

Sincerely,

National Consumers League  
American Economic Liberties Project  
Americans for Financial Reform  
Consumer Action  
Consumer Federation of America  
Consumer Federation of California  
Demand Progress Action  
Indivisible  
National Community Reinvestment Coalition (NCRC)  
The National Consumer Law Center, *on behalf of its low-income clients*  
Public Citizen

cc: Members of the United States Senate

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<sup>9</sup> American Bankers Association. (2025, November 4). *Re: GENIUS Act Implementation (RIN 1505-ZA10)* [Comment letter]. U.S. Department of the Treasury. [https://downloads.regulations.gov/TREAS-DO-2025-0037-0260/attachment\\_1.pdf](https://downloads.regulations.gov/TREAS-DO-2025-0037-0260/attachment_1.pdf)