The Honorable Mike Johnson
Speaker
U.S. House of Representatives
H-232, The Capitol
Washington, DC 20515

The Honorable Hakeem Jeffries
Minority Leader
U.S. House of Representatives
H-204, The Capitol
Washington, DC 20515

July 16, 2025

Re: Coalition Letter in Opposition to the GENIUS Act

Dear Speaker Johnson and Minority Leader Jeffries:

The undersigned 78 community, consumer, civic, and other advocacy groups write to urge you to vote against passage of S. 1582, The GENIUS Act, which addresses stablecoins— as well as any related manager amendments meant as a substitute for the original bill — when it comes to the floor. Simply put, a vote for this bill would ultimately make investors and consumers less financially secure and our financial system less stable. This legislation lacks the necessary teeth to prevent stablecoins from fueling illicit finance, crypto frauds, and imperiling financial stability. Furthermore, a vote for this legislation would enable and condone crypto business activities by the Trump administration, organization, and family that raise unprecedented concerns about presidential conflicts of interest, corruption, and the abuse of public office for private gain.

The announcement this month that Trump-affiliated crypto exchange World Liberty Financial (WLF) will use $2 billion worth of the Trump-associated stablecoin USD1 to finance an investment into disgraced crypto exchange Binance by an investment arm of the United Arab Emirates raises unprecedented and serious questions and should be a red flag for any member of Congress considering this legislation. The Trump family has already earned billions from its previous crypto ventures; this one has been described as the largest crypto investment in history.

In the first 100 days of the administration, the Trump family and organization have blurred or crossed the lines between the first family's private business interests and the administration's responsibility to uphold the public interest. For example, the Trump administration's special Envoy to the Middle East, Steve Witkoff, has had previous business dealings in the crypto world, including in the Middle East. His son, Zach Witkoff, is a key executive in World Liberty Financial. World Liberty Financial's top investor is crypto mogul Justin Sun, who has faced civil and criminal charges for suspicious activity around the world.

Yet, the Trump administration's Securities and Exchange Commission (SEC) dismissed charges against Sun's platform TRON around the time Sun made a multi-million dollar investment in WLF. Changpeng Zhao (known as CZ), founder of Binance, pled guilty to anti-money laundering charges in 2023 for his platform's flagrant, widespread, and willful violations of these rules. Mr. Zhao denied any involvement in WLF's financial dealings for months, until he admitted Binance's involvement in WLF's financial dealings in late April. News reports suggest that Mr. Zhao has sought a pardon by the Trump Administration, in line with other convicted crypto criminals Trump has pardoned.

The Trump administration has endorsed this stablecoin legislation while WLF aggressively promotes its USD1 stablecoin. The stablecoin bill's authors undoubtedly did not anticipate that the legislation would need to confront the extraordinary conflicts of interest presented by the Trump family's crypto business ventures. But now it is clear that this bill lacks the necessary tools sufficient to address or curb the potential legal, ethical, and operational risks posed by the President's own stablecoin business venture and business partners.

Even if the bill contained strong conflict of interest measures, it is highly unlikely that the current leadership of federal banking, securities, and exchange regulators would exert sufficient oversight — either due to complicity with or fear of the crypto industry and its allies in the Trump Administration. It is difficult to imagine that a regulator that deigned to exercise independent authority over Trump's business empire would remain in their position for very long.

The GENIUS Act also fails to adequately address the crucial role stablecoins play in facilitating illicit finance. Bill provisions that require stablecoin issuers be designated financial institutions under the Bank Secrecy Act (BSA) largely affirm the status quo for crypto issuers. The legislation fails to address real gaps in BSA coverage with respect to stablecoins' use on crypto exchanges, with self-hosted wallets that lack know-your-customer (KYC) requirements, as well as in other parts of crypto markets. Additionally, bill provisions meant to bring offshore stablecoin issuers associated with illicit financial activity such as Tether into greater compliance fall gravely short. The bill would still allow crypto platforms operating in the United States to list Tether as a tradable asset — a lucrative source of profits — and Tether likely would find other ways around the bill's requirements while still evading meaningful compliance.

Beyond all this, the GENIUS Act fails to protect consumers, and instead exposes them to more risk. For example, the GENIUS Act would enable Big Tech firms to make further inroads into banking and finance. Through digital wallets and other payment instruments, these platforms already have outsized power over consumer financial payments, as well as monopolistic control over commerce and the web. But, by allowing these platforms to become de facto banks or issuers of a corporate currency, without requiring them to adhere to equivalent bank regulatory oversight or divest their non-bank businesses under the Bank Holding Company Act, this bill risks pushing consumers into a new age of financial surveillance and corporate concentration.

This legislation also fails to provide consumers and investors with the necessary safeguards they expect from banking institutions. This legislation does not require stablecoin issuers to have FDIC insurance or other deposit guarantees. Instead, consumers would have to rely on the issuers' reserves. But this bill allows issuers to back their stablecoins with more volatile assets like money market funds, or ultimately any asset if approved by a friendly state regulator. And stablecoins are famously unstable; industry and academic studies show that stablecoins, even ones backed by assets perceived as safe, become detached from their reference asset (or lose their peg) all the time. Most famously, Circle's USDC coin depegged when Silicon Valley Bank (SVB) collapsed in 2023, putting Circle's $3.3 billion in uninsured deposits held at SVB at risk. Yet, this bill allows such risky practices to continue.

And, bank depositors can generally be assured that they can access all of their deposited funds on demand. But this bill's redemption language allows issuers wide latitude to delay redemption for days and charge high fees to access funds — giving all of the power to the issuer, not the holder.

Another gap in consumer protections in the GENIUS Act is lack of clarity on whether stablecoin transactions are subject to the same protections that consumers of debit or credit card services receive under the Electronic Fund Transfer Act (EFTA). Under this act, consumers using debit or credit cards as well as other forms of payment can dispute or reverse charges, limit their damages in case of fraud, or seek other protections. But the crypto industry has actively challenged the application of EFTA to stablecoin issuers, and the GENIUS Act's silence on the Consumer Financial Protection Bureau's jurisdiction would make it more difficult for the agency, or other regulators, to use EFTA's provisions to protect stablecoin users — meaning they will have less protection than other consumers.

Lastly, the legislation fails to protect consumers should a stablecoin issuer become insolvent. Bill proponents claim that under this legislation, stablecoin customers will have priority access to their coins if an issuer fails. In reality, the bill's language shunts consumers into a complicated and half-baked bankruptcy process that is likely inconsistent with how bankruptcy resolutions work in practice. This means that under this bill, consumers will still likely wait weeks or months to get access to or redeem their stablecoins even if the coins' value are plummeting by the hour.

Some members may believe passage of this bill, even with flaws, is better than the status quo. We believe this is a fundamental misunderstanding of the risks involved with these instruments.

Passing this legislation will allow the proliferation of assets that consumers will wrongly perceive as safe. If many consumers begin using stablecoins, thinking they are safe substitutes for cash or bank deposits, even as stablecoins' use for speculative investment in crypto markets grows, the potential risk for runs and market failures will grow beyond individual consumers or stablecoin issuers. As international and federal regulators have warned repeatedly over the past few years, the stability risks posed by stablecoins mirror those seen in past financial market collapses.

Providing light touch, narrowly tailored regulatory oversight to these inherently unstable crypto assets poses real risks to stablecoin users and the financial system. These risks are magnified when key members of the executive branch stand to be directly enriched by new crypto ventures and when federal regulators are either prevented from holding bad actors accountable or are complicit in the crypto's industry systematic dismantling of consumer protection agencies, regulations, and laws. The combination of these factors could sow the seeds of future financial crises.

We urge Members of Congress to learn from the mistakes of the past and oppose passage of this bill.

Thank you,

20/20 Vision
215 People's Alliance
350.org
Accountable.US/Accountable.NOW
Action Center on Race and the Economy
American Economic Liberties Project
Americans for Financial Reform
Arkansas Community Organizations
Brooklyn Cooperative Federal Credit Union
CASA of Oregon
CASH Campaign of Maryland
Center for Digital Democracy
Center for Economic Integrity
Center for Economic Justice
Center for LGBTQ Economic Advancement & Research (CLEAR)

Center for Popular Democracy
Center for Responsible Lending
Church Women United in New York State
Civic Sundays L.A.
Community Economic Development Association of Michigan (CEDAM)
Consumer Federation of America
Consumer Federation of California
Demand Progress
Democracy for America Advocacy Fund
Democrats.com
Economic Action Maryland Fund
Economic Empowerment Center DBA
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Public Citizen
Public Good Law Center
Rise Economy
Rooted in Resistance
Strong Economy For All Coalition
Take on Wall Street
TakeItBack.Org
The Academy of Financial Education
The Tech Oversight Project
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