April 13, 2022

The Honorable Maxine Waters
Chairwoman, Committee on Financial Services
United States House of Representatives
2129 Rayburn House Office Building
Washington, D.C. 20515

Re: Chairwoman Maxine Waters’ Letter to Advocacy Organizations

To the Honorable Chairwoman:

The Blockchain Association (the “Association”) submits this letter in response to the Chairwoman’s request for information to advocacy organizations in the U.S. financial services industry regarding their members’ corporate presence in the Russian Federation.

The Association is a not-for-profit organization dedicated to improving the public policy environment for public blockchain networks to allow them to develop and prosper in the United States. The Association endeavors to educate policymakers, courts, law enforcement, and the public about blockchain technology and the need for regulatory clarity to allow for a more secure, competitive, and innovative digital marketplace. The Association is comprised of over 80 industry leaders who are committed to responsibly developing and supporting public blockchain networks fueled by cryptocurrencies (“crypto”). Its diverse membership reflects the wide range of this dynamic market and includes crypto exchanges, custodians, software developers, early-stage investors, trading firms, and others supporting the crypto ecosystem.

The Association and its member companies vehemently condemn the Russian government’s invasion of Ukraine and the war crimes committed against the Ukrainian people. Indeed, one of the primary catalysts for the creation of blockchain technology is its resilience to control by authoritarian regimes like that of Vladimir Putin. The Association also recognizes that industry stakeholders must work collaboratively with regulators, legislators, and other

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policymakers to achieve the critically important sanctions goals set forth by the United States and its allies around the globe.

The Association and its members are strongly committed to protecting the integrity of the financial system and ensuring that crypto is not subject to abuse by bad actors, including sanctions evaders. Indeed, in the aftermath of Russia's invasion of Ukraine, the Association's member companies as well as the crypto industry more broadly sprung to action to not only decry Vladimir Putin's unjust invasion but also to provide financial aid to the Ukrainian resistance effort. As of this letter’s writing, close to $100 million worth of crypto has been donated to the addresses provided by Twitter accounts associated with the Ukrainian resistance.2

Additionally, upon each of President Biden's announcements of targeted sanctions against specific Russian individuals and entities,3 U.S. crypto companies updated their sanctions compliance programs to identify and exclude Russians added to the Specially Designated Nationals and Blocked Persons List ("SDNs").4 U.S. blockchain analytics firms have also been working with U.S. crypto companies and the U.S. government to actively monitor public blockchain networks, in real time, for signs of activity from Russian SDNs. In short, the U.S. crypto industry is actively working to ensure that it remains compliant with sanctions laws and is helping to mitigate Russia’s inhumane and unjustified attack on Ukraine.

What's more, amid questions about whether crypto can be used to evade sanctions, officials from the White House5 and the U.S. Department of the Treasury,6 as well as industry leaders,7 have explained how difficult it would be for bad actors to use crypto to sidestep international sanctions. During a hearing before the House Financial Services Committee on April 6, 2022, Treasury Secretary Janet Yellen testified: “it is harder, on a large scale, for an economy

2 Singh, Amitoj. “Ukraine Has Received Close to $100M in Crypto Donations.” CoinDesk (March 9, 2022), available at: https://www.coindesk.com/business/2022/03/09/ukraine-has-received-close-to-100-million-in-crypto-donations/
4 In order to bolster the crypto industry's sanctions compliance efforts, Chainalysis, a blockchain analytics firm, released a free sanctions screening tool to help crypto companies comply with sanctions laws.
to actually use crypto to evade sanctions...we haven’t seen significant evasion through crypto, so far, but we will monitor carefully.”

8 Secretary Yellen also underscored that the open, transparent, and immutable nature of blockchain networks give the Treasury Department the unique ability to monitor and surveil these networks for bad actors and illicit activity.

While some U.S. crypto companies have voluntarily divested from or ceased operations in Russia, not all have made the decision to put in place restrictions beyond what is currently required by U.S. sanctions. As explained above, those U.S. crypto companies that still have a presence in Russia are actively complying with the sanctions imposed by the United States and its allies. If the Biden administration or Congress decides to change the law and mandate that all U.S. businesses terminate operations in Russia, the Association’s member companies will comply accordingly.

In conclusion, the U.S. crypto industry is adamantly opposed to Russia’s invasion of Ukraine and will take all actions required by law to curb Russia’s efforts. The Association thanks the Chairwoman for her letter and her willingness to engage with the industry on such critical issues. We look forward to working with the Chairwoman and her staff further on this matter.

Sincerely,

Kristin Smith
Executive Director

Jake Chervinsky
Head of Policy

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8 Yellen, Janet. “Testimony before the House Financial Services Committee.” (April 6, 2022) available at: https://www.youtube.com/watch?v=dOrFipl4qt8 (relevant discourse can be found at 2:20:12)