

**Opening Statement**  
**Hearing on “An Update from the Treasury Department:  
Countering Illicit Finance, Terrorism and Sanctions Evasion”**  
**Chair Sherrod Brown**  
**April 9, 2024**

I call this hearing to order.

We face threats to American national security and global stability every day.

Autocrats and terrorists and drug traffickers work to undermine our economy, our values, and our way of life.

Sophisticated international cartels traffic fentanyl into our communities. China supplies precursor chemicals to Mexican cartels, feeding our deadly fentanyl epidemic.

Russia’s brutal invasion of Ukraine continues, and Putin looks for new ways to fund his war machine.

Iran is financing terrorist proxies that wreak havoc all over the Middle East, from Hamas’s brutal October 7<sup>th</sup> attack on Israel, to the Houthi attacks on shipping in the Red Sea and Hezbollah’s menacing activity.

All of these bad actors need one thing: money.

Terrorists, fentanyl traffickers, the Russian military – they all need to spend and move money, and they all use the financial system, in a variety of ways, to do it.

That's why we must use all available economic tools to defend American interests and American values.

That means denying bad actors access to the global financial system and broadening our coalition of partners to prevent terrorism and the flow of illicit finance that supports drug traffickers and money launderers.

Terrorists, criminals, and rogue nations will never stop in their efforts to evade our sanctions regime. We must be equally vigilant.

Vigilance requires that our national security leaders have the authorities and the resources they need to stay ahead of these bad actors.

Today, we will hear from Deputy Treasury Secretary Adeyemo and discuss our strategy for combatting illicit finance.

Treasury leads the work to stop illicit actors from exploiting the international financial systems to fund their crimes and terror activity.

Deputy Secretary Adeyemo should provide an assessment of the effectiveness of our recent sanctions enforcement efforts. And we will hear about what statutory gaps stand in the way of our ability to root out and stop illicit finance.

Congress must respond.

Last year, this Committee worked together in a bipartisan way to design a new sanctions program – the FEND Off Fentanyl Act – that can help reduce the flow of fentanyl into our communities.

FEND Off Fentanyl has 67 cosponsors. It passed out of our committee unanimously. It passed in the Senate – twice.

Americans can't wait any longer. This needs to get to the president's desk and be signed into law.

As FEND makes clear, our Committee plays a critical role in protecting our communities and protecting our national security. This committee works to strengthen tools we have to go after anyone who threatens us, and it conducts oversight over how the administration uses those tools, including their use of waivers or exceptions.

And when bad actors turn to new routes to raise and move money—like crypto—this Committee must respond. Our adversaries are going to innovate, and we must make sure our illicit finance tools keep up.

Last November, the Justice Department, in an effort led by the U.S. Attorney for the Northern District of Ohio and the DEA, charged eleven people in a drug ring. They allegedly trafficked fentanyl, synthetic opioids, and other drugs across Ohio, Pennsylvania, Kentucky, and Tennessee.

And they paid their suppliers in Bitcoin.

Just last week, the Wall Street Journal reported how Russian smugglers use the stablecoin Tether to evade sanctions on Russia's war machine. Tether is a "key step in the chain" of illicit transactions, one smuggler said.

North Korea has hacked, stolen, and laundered hundreds of millions of dollars in crypto—a strategy to avoid sanctions.

All these bad actors—from North Korea to Russia to terrorist groups like Hamas—aren't turning to crypto because they've seen the ads and bought the hype.

They're using it because they know it's a workaround. They know that it's easier to move money in the shadows without safeguards, like know-your-customer rules or suspicious transaction reporting.

These common-sense protections help identify illicit money and keep it out of the financial system.

We must make sure that crypto platforms play by the same rules as other financial institutions. And we need to make sure that we have the tools to crack down on illicit finance with digital assets, just as we would with any other asset.

Many, including the Deputy Secretary, have pointed out possible gaps in illicit finance authorities over digital assets. It's time we worked together to close any loopholes and protect our national security.

We need to think not just about how terror groups and drug traffickers use crypto today, but also about how they could exploit it tomorrow.

If we leave loopholes on the books, this problem will only get worse. We can't take that risk.

Given the range of threats we face, it is clear that the administration needs to do more to use its illicit finance tools to stop terrorism; to push back on Iran, Russia, and China; and to stop the funding streams to the traffickers supplying illicit fentanyl to our children and our communities.

I look forward to hearing from the Deputy Secretary this morning.

Ranking Member Scott.