



May 8, 2026

The Hon. Tim Scott
Chairman
Senate Committee on Banking, Housing, and Urban Affairs
104 Hart Senate Office Building
Washington, DC 20510

The Hon. Elizabeth Warren
Ranking Member
Senate Committee on Banking, Housing, and Urban Affairs
311 Hart Senate Office Building
Washington, DC 20510

RE: Include Crucial Ethics Safeguards in the Committee’s Digital Asset Market Structure Markup

Dear Chairman Scott, Ranking Member Warren, and Members of the Committee:

Democracy Defenders Action (“DDA”) writes to underscore the importance of including strong, comprehensive, and clear ethics guardrails in the digital asset market structure legislation you will soon mark up. DDA is a nonpartisan, nonprofit organization dedicated to protecting our government from corruption and ensuring that its institutions and officials act on behalf of the people they serve.¹

This letter reiterates the position that DDA and over 30 bipartisan good government groups and ethics experts have been raising since August of last year: digital asset markets cannot work for the American people when they are regulated by those with financial conflicts of interest.² Ethics guardrails, including prohibiting all federally elected officials, including the president, from owning, trading, or otherwise engaging in any cryptocurrency venture, are necessary to ensure that the legal framework you build for the more than \$1 trillion cryptocurrency market actually protects American consumers, our markets, and our national security. We strongly encourage you to include ethics requirements in the underlying bill you report out of Committee—and to resist any effort to defer those provisions for floor consideration.

¹ We previously responded to the Committee’s Request for Information on its discussion draft. Letter from Democracy Defenders Action to Chairman Tim Scott and Ranking Member Elizabeth Warren, *Re: Democracy Defenders Action Response to the Committee’s Digital Asset Market Structure Legislation Request for Information* (undated), [fb1cd5_b11102a0471d4c10bbd6cee6da15790a.pdf](#). The ethics lawyers who lead DDA’s anti-corruption work—with decades of experience advising Presidents, the Treasury Department, and the Securities and Exchange Commission—submitted a separate letter outlining the must-include ethics provisions for any market structure bill in June of last year. Letter from Amb. Norman Eisen (Ret.) and Virginia Canter, *Re: Must-Include Ethics Provisions for Digital Asset Market Structure Legislation* (June 26, 2025), [ffcf38_484348b2c0e24f3ca0d29d18cc668abf.pdf](#). The case for those provisions has only grown stronger.

² Letter from 30 bipartisan organizations and ethics experts to Hon. Leader Thune (undated) (sent Aug. 13, 2025) [f9c23f_5536c2330be84db0912bf064aeb5a56e.pdf](#).

The president's crypto conflicts have grown into a market-defining problem

The digital asset market structure bill before the Committee will have immense impacts on both the digital asset marketplace and the wider economy, including setting the jurisdictional line between the the Securities and Exchange Commission (“SEC”) and the Commodity Futures Trading Commission (“CFTC”)—determining which digital assets are deemed securities and which are commodities—and establishing the rules and enforcement priorities that will govern the industry for years to come. This extraordinary grant of power must be accompanied by a strong ethics framework that meaningfully addresses conflicts of interest that arise when our elected and appointed officials, across all three branches of government, oversee a marketplace in which they have a vested financial interest.

This risk is most acute with the president. As our sister organization DDF has detailed in several comprehensive reports released over the past year,³ President Trump and his family have earned roughly \$1 billion in crypto revenue—mostly from foreign sources—and have built a crypto empire that is valued between \$2.9 billion and \$7.1 billion.

Their immense financial interest already appears to have had profound effects on the Administration's regulatory and enforcement priorities. SEC and CFTC leadership, appointed by President Trump, have already adopted regulatory policies that favor the crypto industry, including the president's own crypto businesses.⁴ For instance, in March 2026, the SEC embraced a controversial theory that a non-security crypto asset sold as part of an investment contract is not itself a security.⁵ The goal of this rulemaking seems to reduce the number of entities that would qualify as a security, including potentially several presidentially-aligned investments such as \$WLFI, the governance token for World Liberty Financial, Inc.⁶ In fact, recent reporting suggests that the current version of the market structure legislation could result in no meaningful oversight of \$WLFI.⁷

The president's interests are also posing national security risks: his crypto empire is, in large part, funded by immense investments by foreign entities, the exact type of foreign influence our Founders feared when they adopted the Constitution's Foreign Emoluments Clause.⁸ World Liberty Financial, which is owned and operated by the president's family (and the family of special envoy to the Middle East Steve Witkoff), has engaged in several foreign deals that may

³ Democracy Defenders Fund, *Trump's Crypto Connections* (Jan. 13, 2026), [dea5ed_d3269291b71448378b475335920ab590.pdf](#); Democracy Defenders Fund, *Trump's Crypto Conflicts of Interest* (Apr. 23, 2025), [af63c4_7d6387a0b5934cf88bcd6462d5c9354d.pdf](#).

⁴ Democracy Defenders Fund & Lee Reiners, *Political Capital: How the Trump Family's Crypto Ventures Are Distorting the Market* 19-20 (Mar. 2026), [dea5ed_d40db8db1b044f38b4d62a02d98f6571.pdf](#) (hereinafter “Political Capital Report”).

⁵ *Application of the Federal Securities Laws to Certain Types of Crypto Assets and Certain Transactions Involving Crypto Assets*, 91 Fed. Reg. 13714 (Mar. 23, 2026), <https://www.federalregister.gov/documents/2026/03/23/2026-05635/application-of-the-federal-securities-laws-to-certain-types-of-crypto-assets-and-certain>.

⁶ Lee Reiners, *Is \$WLFI an Unregistered Security?*, FinReg.blog (May 8, 2026), <https://sites.duke.edu/thefinregblog/2026/05/08/is-wlfi-an-unregistered-security/>. As Lee Reiners, an expert in financial regulation and cryptocurrency recently explained, however, even under this novel theory President Trump's \$WLFI governance token should be treated as a security. *Id.*

⁷ *Id.*

⁸ U.S. Const. Art.I, Sec. 9, Cl. 8.

undermine U.S. national security interests. For instance, within weeks of World Liberty Financial launching its USD1 stablecoin, the UAE state-backed fund MGX bought \$2 billion of USD1 to finance an investment in Binance—a deal expected to generate some \$80 million a year for the president's company, and tie his personal balance sheet to the U.S. Treasury market.⁹ Shortly thereafter, the Administration loosened AI export controls to the UAE,¹⁰ and the president went on to pardon Binance co-founder Changpeng "CZ" Zhao for anti-money laundering and sanctions violations the Department of Justice had previously called a threat to U.S. national security.¹¹

These dealings—and the many more discussed in our reports—demonstrate that the president's conflicts of interest are actively eroding consumer protections, distorting the U.S. crypto market, and undermining U.S. national security interests. Absent action by this Congress, the risk that the president's financial interests will continue to shape digital asset marketplace regulation and enforcement is all but guaranteed.

A strong and clear market structure, regulated and enforced by neutral arbiters, with protections for retail investors, will ensure that American consumers can access the market with confidence. To achieve this goal, the final legislation must:

- 1. Ban the President, Vice President, members of Congress, senior administration officials, Supreme Court justices, and federal judges—and their spouses and dependent children—from owning or trading cryptocurrency, or from owning a company that issues cryptocurrency and crypto products.** The only way to be certain that corrupt or illicit actors or foreign governments are not able to abuse the crypto ecosystem to purchase influence with American policymakers is divestment and a blanket prohibition on transactions.
- 2. Require all senior officials to report any cryptocurrency transactions or holdings, from any source, in any public financial disclosures they file, including those required under the Ethics in Government Act and the STOCK Act.** In addition to a divestment and prohibition requirement, it's critical that public officials disclose their interests and transactions in cryptocurrency assets or businesses, including stablecoins. Timely disclosure will ensure that policymakers are complying with divestment requirements as well as protect against potential conflicts of interest that may arise from ownership of digital assets. Disclosure would also make it easier for ethics officials and law enforcement to hold filers accountable—both for violating the prohibition and their disclosure requirements.
- 3. Create a clear and comprehensive criminal crypto anticorruption enforcement system that empowers independent supervising ethics bodies to investigate, review, and enforce divestment and disclosure requirements, and impose meaningful**

⁹ Political Capital Report at 25.

¹⁰ *Id.*; See also Robbie Whelan & Amrith Ramkumar, *U.S. Approves Deal to Sell AI Chips to Middle East*, Wall St. J. (Nov. 19, 2025), <https://www.wsj.com/tech/ai/u-s-approves-deal-to-sell-ai-chips-to-middle-east-79d68f36>.

¹¹ Political Capital Report at 32; Press Release, U.S. Department of Justice, *Binance and CEO Plead Guilty to Federal Charges in \$4B Resolution* (Nov. 21, 2026), <https://www.justice.gov/archives/opa/pr/binance-and-ceo-plead-guilty-federal-charges-4b-resolution>.

penalties that serve as a true deterrent for non-compliance. Congress must enact legislation that empowers the supervising ethics office of each branch of government to effectively enforce this regime, including by independently investigating officials' finances. Independent investigators must be granted authority to audit members' finances and organizations for cryptocurrency compliance, including access to relevant blockchain data, such as public keys, and exchange records. This legislation should also strengthen protections, and provide incentives, for public and private whistleblowers, including government contractors, who report instances of possible noncompliance or the use of illicit cryptocurrency transactions to influence a government official in carrying out an official activity. In addition to banning policymakers and their families from owning, trading, and or issuing any crypto products, legislation should also ban campaign contributions in the form of cryptocurrencies.

DDA strongly urges the Committee to include ethics language—Do not wait until the bill is considered on the Senate floor

This current version of the digital asset marketplace legislation before the Committee is one of the most complex legislative measures being considered this year. The impact of the bill is immense. The legislation will touch every part of our financial system, and will open the door for regular retail investors to put their hard-earned money into these new products.

Members of Congress and the public must have the time necessary to read and digest the full impact of the bill, including safeguards intended to protect the integrity of the system, before it reaches the House floor. It is therefore essential that any ethics language be debated, marked-up, and included in any bill that you pass out of your Committee. If you decline to address ethics provisions in your markup, and instead rush them to the floor at the last minute, you will be depriving your colleagues and your constituents the opportunity to understand the bill as a whole—effectively asking the American public to support or oppose policy that is incomplete.

The Committee should not assume that there will be an opportunity to address ethics safeguards—policies that are foundational to the protection of the market that is being created—when the bill is introduced on the floor. Whatever assurances are offered about an open amendment process at a later stage, the reality is that provisions left out of the underlying bill do not always make it back in. If ethics protections are not debated, marked-up, and included in the text the Committee reports, such provisions may well not be in the law the president signs.

DDA will score this legislation

Given the stakes—for free markets, retail investors, U.S. national security, and the integrity of the Treasury market—DDA will plan to include final floor votes on this bill, and on amendments to incorporate these provisions if they are necessary, in our forthcoming anti-corruption scorecard.

Conclusion

Designing the legal framework for the massive and growing digital asset market is one of the most consequential projects this Committee will undertake. A market structure bill without ethics guardrails will not produce the orderly, well-regulated industry its sponsors describe. That is what the public needs to invest with confidence in this new and expanding market.