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United States Senate

COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

June 4, 2025

The Honorable Scott Bessent
Secretary
Department of Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

The Honorable Marco Rubio
Assistant to the President for National Security Affairs
The White House
1600 Pennsylvania Ave, NW
Washington, DC 20500

Dear Secretary Bessent and Secretary Rubio:

I write with deep concern about recent investigative reporting that X, a social media platform owned by billionaire donor Elon Musk, is helping U.S.-sanctioned terrorists engage in financial transactions and facilitating their ability to raise funds, including through the use of cryptocurrencies.¹ These revelations raise serious questions about whether X is breaking the law and endangering the safety of Americans – and about whether the Treasury Department is prepared for the deluge of illicit, sanctions-evading transactions that will occur if platforms like X are able to create their own stablecoins, as proposed by the GENIUS Act.

According to findings disclosed by the nonpartisan tech watchdog organization Tech Transparency Project (TPP), Musk's X allowed sanctioned individuals from al-Qaeda, Hezbollah, and the Houthis – among others – to pay for the platform's "blue checkmark" feature, which allows users to increase their reach and monetize engagement. Some of these sanctioned individuals or entities even had an "ID verified" badge, meaning that they had confirmed their identity by submitting a government-issued ID and a selfie to X.²

Under federal laws and regulations, U.S.-incorporated entities like X are generally prohibited from transacting with individuals and organizations listed as Specially Designated Nationals by the Treasury Department's Office of Foreign Assets Control (OFAC).³ Although X's official policies state that its premium services are off limits for those subject to U.S. sanctions, in

¹ Tech Transparency Project, "U.S.-Sanctioned Terrorists Enjoy Premium Boost on X," May 15, 2025, <https://www.techtransparencyproject.org/articles/u.s.-sanctioned-terrorists-enjoy-premium-boost-on-x>.

² *Id.*

³ U.S. Department of the Treasury, Office of Foreign Assets Control, "Specially Designated Nationals (SDNs) and the SDN List," <https://ofac.treasury.gov/faqs/topic/1631>.

practice, X nevertheless appears to have facilitated payments for terrorists and other sanctioned individuals.⁴ Even worse, X enabled these terrorist groups to monetize the platform using premium services, allowing them to raise funds through revenue-generating features, including tips – letting users transfer cash or cryptocurrency to sanctioned individuals.⁵ In essence, X allowed its platform to be transformed into a sanctions-evasion service for individuals that threaten the safety of Americans on a daily basis.

The Treasury Department, which has authority for administering and enforcing sanctions programs, must investigate these activities immediately. These reports about terrorist activity on the platform raise obvious questions about X’s compliance with the law, and what its executives may have known about its role as a potential conduit for illegal funds transfers. They also raise fundamental questions about how the Treasury Department would enforce our sanctions if the GENIUS Act were to become law in its current form, given that it contains a loophole allowing a private company like X to issue its own stablecoins.⁶ Stablecoins are notoriously well-suited for money laundering and sanctions evasion, and the crypto industry press has called them the “kingpin of illicit crypto activity.”⁷ As the TPP report emphasized, “[t]errorists have been increasingly relying on crypto to shield their assets from traceability of traditional banking systems.”⁸ If tech platforms are not abiding by OFAC’s restrictions and the Treasury Department is not enforcing them, the GENIUS Act as drafted will turbocharge sanctions evasion and other illicit activity.

To better understand the scope of the sanctions evasion occurring on X and the steps Treasury has taken to address these likely violations, we ask that you respond to the following questions by June 13, 2025:

1. Has Treasury taken any steps to date to investigate the findings outlined in the Tech Transparency Report?
2. Has Treasury previously notified X of the compliance risks posed by its “blue checkmark” premium features? What other engagements has Treasury had with X on the issue of sanction compliance?
3. Has Treasury conducted any assessment about how the increasing prevalence of cryptocurrencies, and in particular stablecoins, would impact the efficacy of U.S. sanctions?

⁴ *Supra* note 1.

⁵ *Supra* note 1.

⁶ American Economic Liberties Project, “The GENIUS Act: Allowing Big Tech to Control Our Money,” May 2025, <https://www.economicliberties.us/wp-content/uploads/2025/05/The-GENIUS-Act-Big-Tech.pdf>.

⁷ Cointelegraph, “Crypto crime in 2024 likely exceeded \$51B, far higher than reported: Chainalysis,” Michael Tabone, February 27, 2025, <https://cointelegraph.com/news/crypto-crime-2024-2025-chainalysis>.

⁸ *Supra* note 1.

Sincerely,

A handwritten signature in blue ink, reading "Elizabeth Warren", positioned above a horizontal line.

Elizabeth Warren
Ranking Member
Committee on Banking,
Housing, and Urban Affairs