

Blockchain Association and Crypto Council for Innovation Joint Statement in Response to Law Enforcement Engagement on the Clarity Act

Blockchain Association and Crypto Council for Innovation appreciate the engagement from law enforcement stakeholders regarding the Senate Banking Committee's updated Clarity Act draft. We fully share the goal of ensuring law enforcement has effective and necessary tools to combat fraud, terrorism financing, sanctions evasion, trafficking, and other illicit activity involving digital assets.

Importantly, the updated draft released by the Senate Banking Committee on Monday evening includes revised language in Sec. 604 specifically negotiated with Sen. Grassley and the Senate Judiciary Committee to directly address concerns raised by prosecutors and law enforcement organizations. The revised text makes clear that prosecutors retain full authority to pursue individuals and entities who intentionally facilitate criminal activity or unlawful transfers of funds.

Sec. 604 does not alter existing anti-money laundering statutes, including 18 U.S.C. §§ 1956 or 1957, nor does it limit prosecutions involving fraud, sanctions evasion, terrorism financing, trafficking, or unlicensed money transmission activity. Rather, the provision is intended to clarify that individuals who merely publish software or develop non-custodial infrastructure, without control over customer funds, are not misclassified as financial intermediaries solely because of those activities.

The updated Clarity Act now includes an entirely new Title III dedicated specifically to illicit finance, AML/CFT compliance, sanctions obligations, and law enforcement coordination. That title did not exist in the September draft, and was added directly in response to concerns raised by Treasury, law enforcement, and policymakers. Title III builds on the illicit finance provisions in Title II, which also includes meaningful tools for law enforcement and prosecutors. For example, the Clarity Act would: clarify that digital asset intermediaries must comply with the BSA and U.S. sanctions laws, require Treasury to establish examinations standards to assess financial institutions involved in digital assets for AML/CFT compliance, establish a public-private working group to develop recommendations for strengthening counter-illicit finance measures, direct NIST to develop expert-driven cybersecurity standards for decentralized finance trading protocols, and more.

Taken as a whole, the legislation further expands the authority and operational capabilities of federal, state, and local law enforcement to investigate and disrupt illicit activity involving digital assets, while also providing long-overdue regulatory clarity for legitimate actors building compliant financial infrastructure in the United States.

We remain committed to continued engagement with law enforcement stakeholders and policymakers as the legislative process moves forward.



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