United States Senate

COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

WASHINGTON, DC 20510–6250

September 28, 2026

VIA EMAIL

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

Dear Secretary Bessent:

The Senate Permanent Subcommittee on Investigations ("PSI" or the "Subcommittee") Minority is investigating the illicit use of cryptocurrencies and the Trump Administration's self-enrichment and self-dealings with cryptocurrency firms. Today, the Subcommittee is releasing a new report, "Tethered to Terrorism: Crypto & Iran's Shadow Banking Network", demonstrating that the cryptocurrency firm Tether and its dollar-pegged stablecoin USDT has become a crucial tool for Iranian shadow banking. I therefore write to share these alarming findings and to request information about the Department of the Treasury's failure to hold Tether accountable for possible violations of American banking and sanctions laws.

The Subcommittee analyzed a comprehensive set of cryptocurrency wallets that have been sanctioned, targeted for seizure, or otherwise identified for their association with the Islamic Republic, Hamas, Hizballah, and the Houthis ("Ansarallah"). This analysis found that, in recent years, the Iranian regime and its proxies transitioned from Bitcoin and other cryptocurrencies to predominantly relying on Tether. Indeed, 84% of the wallets the Subcommittee analyzed transacted exclusively, or nearly exclusively, in Tether. Furthermore, the Subcommittee found that Tether had failed to freeze or destroy funds in wallets that were clearly providing or receiving millions of dollars—even tens or hundreds of millions—from terrorist financiers and other illicit actors. For instance, while Babak Zanjani, the most notorious money launderer in Iran, leaked Central Bank of Iran wallet addresses on Twitter in December 2025, Tether has yet to blacklist them. In another example, Gaza Now, sanctioned by OFAC in March 2024 for associations with Hamas, continued to publicly fundraise through Tether after being designated without having wallets frozen. Tether's anemic response to Iran's reliance on its flagship stablecoin has provided the brutal Iranian regime a vital lifeline.

The Subcommittee's report reinforces longstanding research and media investigations regarding Tether's broader role in illicit finance, human trafficking, scams, cartel violence, terrorism, and more.[1] These concerns reportedly led prosecutors in the United States Attorney's Office for the Southern District of New York to open an investigation into Tether in October 2024. At around the same time, the Treasury Department was reportedly considering whether to sanction Tether because of its widespread use by sanctioned individuals.[2] Yet, since President Trump's return to the White House, investigations and enforcement actions into the cryptocurrency industry have been dropped, settled on meager terms, or even reversed. I fear this lenient self-dealing includes Tether, despite its role in propping up a country that the United States is currently at war with.

While Tether has become a powerful tool for foreign adversaries, terrorists, and illicit actors that are a danger to our national security, it has numerous close ties to the highest levels of the Trump Administration. Most prominently, Cantor Fitzgerald—which until recently was run by Commerce Secretary Howard Lutnick and is now controlled by his children—owns 5% of Tether and holds a substantial portion of the company's more than $100 billion of assets in the United States.[3] And, in September 2025, Bo Hines, the former Executive Director of the President's Council of Advisors on Digital Assets, took a role as CEO of Tether's US subsidiary, just weeks after leaving his job at the White House where he played a central role in shaping stablecoin legislation.[4]

The Subcommittee's report demonstrates how Tether has become a preferred payment system for terrorist organizations and rogue states. The prospect of such a financial weapon being used against American interests is deeply troubling. I therefore request that Treasury review the Subcommittee's report, which is enclosed with this letter, and conduct a thorough investigation of Tether's anti-money laundering and sanctions compliance practices. If your investigation finds Tether has violated the Bank Secrecy Act ("BSA"), the International Emergency Economic Powers

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[1] Jacob Silverman and Spencer Woodman, *Crypto giant Tether promised careful vetting. Some early customers were later implicated in financial crimes* (Aug. 31, 2026) https://www.icij.org/investigations/coin-laundry/crypto-giant-tether-promised-careful-vetting-some-early-customers-were-later-implicated-in-financial-crimes/.

[2] Angus Berwick, Vivian Salama, and Ben Foldy, *Federal Investigators Probe Cryptocurrency Firm Tether*, WALL STREET JOURNAL (Oct. 25, 2024) https://www.wsj.com/finance/currencies/federal-investigators-probe-cryptocurrency-firm-tether-a13804e5.

[3] *Id.*

[4] Anthony Cormier, David Kocieniewski, and Annie Massa, *How Tether Benefited as Trump Insiders Shaped First US Crypto Law*, BLOOMBERG (Jul. 22, 2026) https://www.bloomberg.com/features/2026-howard-lutnick-bo-hines-trump-tether-crypto-law/.

Act ("IEEPA"), or any other relevant provision of federal law, I encourage you to take the strongest appropriate action.[5] Additionally, please provide the following information by October 9, 2026:[6]

1. In the past five years, has Treasury taken any steps to open an investigation into illicit finance, sanctions evasions, and other banking matters with respect to Tether? If so, which office within Treasury initiated it and what is the current status of the investigation?

2. According to media reports, in or around October 2024, Treasury was weighing sanctions on Tether over potential violations of banking and sanctions law. Has Treasury taken any action to narrow, pause, deprioritize, or close any inquiry or investigation involving Tether? If so, please identify the date of any such action and the individual who made that decision, and produce any related documents.

3. Did any Trump Administration official, or a family member of such an official, raise concerns, formally or informally, regarding Treasury's handling of matters involving Tether, including but not limited to the potential enforcement action reported in October 2024?

4. Illicit financing undermines the Treasury Department's 'Economic Fury' campaign to block funding for Iran's military and regional proxies, which prompted a recent warning to stablecoin issuers from the Financial Crimes Enforcement Network (FinCEN). The Subcommittee's report documents Iran's use of Tether to fund those regional proxies and potentially acquire drone components that target U.S. soldiers. What steps has Treasury planned to hold Tether accountable for repeated failures to investigate, prevent, and deter foreign adversaries from using its cryptocurrency in a manner that is directly adverse to American national security?

5. Please provide all records[7] on the following topics, from January 2024 to present:
    a. The use of Tether in illicit finance;
    b. GENIUS Act negotiations or rulemaking;
    c. CLARITY Act negotiations; and
    d. Cryptocurrency as a tool for sanctions evasion.

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[5] *See*, e.g., applicable IEEPA provisions including Pub. L. 107-56, 115 Stat. 27231; C.F.R. Parts 535, 560, 561, 562, 594, 596, and 597. Applicable BSA provisions including 31 U.S.C. § 5311 et seq; 50 U.S.C. §§1701 et seq; 31 C.F.R. Part 1022.

[6] Unless otherwise specified, the time period for each request is from January 20, 2025 to present.

[7] For purposes of this request, "records" include any written, recorded, or graphic material of any kind, including letters, memoranda, reports, notes, electronic data (emails, email attachments, and any other electronically-created or stored information), direct messages, chats, calendar entries, inter-office communications, meeting minutes, phone/voice mail or recordings/records of verbal communications, and drafts (whether or not they resulted in final documents).

6. Please provide all communications[8] between Treasury and Tether, including any subsidiaries and affiliates.

7. Please provide all communications between Treasury and Howard Lutnick, his sons Brandon or Kyle Lutnick, Cantor Fitzgerald, or any representative conducting business on behalf of any member of the Lutnick family.

8. Please provide all communications between Treasury and Bo Hines, or any other member of the President's Council of Advisors on Digital Assets.

9. Prior to your nomination and confirmation to your role, did you interview with Howard Lutnick in his role as co-chair of President Trump's transition team? During any such conversation, did he discuss Tether, Cantor Fitzgerald, or the topic of cryptocurrency?

Please contact the Subcommittee if you have any questions about responding to these requests.

Sincerely,

Richard Blumenthal

Richard Blumenthal
Ranking Member
Permanent Subcommittee on Investigations

Enclosure

cc: The Honorable Ron Johnson
Chair
Permanent Subcommittee on Investigations

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[8] For purposes of this request, "communications" include any records, as defined above, transmitted in any way between two or more individuals or entities.