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United States Senate

COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

April 9, 2025

John Hurley
Under Secretary-Designate for Terrorism and Financial Intelligence
U.S. Department of the Treasury
1500 Pennsylvania Ave NW
Washington, DC 20220

Dear Mr. Hurley:

Congratulations on your nomination to be Under Secretary of the Treasury for Terrorism and Financial Intelligence. If confirmed, you will lead the Office of Terrorism and Financial Intelligence (TFI), which has broad responsibilities for using policy, enforcement, intelligence, and regulatory tools to advance our national security while protecting the integrity of the U.S. and international financial systems.¹

TFI employees track and disrupt terrorist financing, generate intelligence reporting about unlawful actors and U.S. adversaries, and press foreign governments to close illicit finance vulnerabilities. They are a key resource for law enforcement, following the financial trails that criminals leave as they try to launder the proceeds of crimes or attempt to spend their ill-gotten profits.² TFI's role has become more important in recent years, as it is responsible for implementing and enforcing a wide range of U.S. sanctions programs even as increasing demand for use of these tools has outpaced growth in resourcing for the mission.

You have not previously served in any governmental or non-governmental role that involves meaningful engagement with sanctions or illicit finance issues, raising questions about how you would lead TFI and ensure that it fulfills its mission. Accordingly, your answers to the questions below and your testimony before the Senate Committee on Banking, Housing, and Urban Affairs will be critical to assessing how you plan to lead the national security arm of the Treasury Department. I ask that you come to your hearing tomorrow prepared to answer these questions, and that you provide detailed written answers prior to any committee vote on your nomination.

Sanctions

¹ U.S. Department of the Treasury, "Terrorism and Financial Intelligence," <https://home.treasury.gov/about/offices/terrorism-and-financial-intelligence>.

² Financial Crimes Enforcement Network, "What We Do," <https://fincen.gov/about/what-we-do>

Treasury's Office of Foreign Assets Control (OFAC) implements and enforces sanctions based on U.S. foreign policy and national security goals against targeted foreign countries and regimes, terrorists, international narcotics traffickers, those engaged in activities related to the proliferation of weapons of mass destruction, and other threats. The Office of Terrorist Financing and Financial Crimes (TFFC) helps coordinate U.S. sanctions with foreign partners and shares information to increase the effectiveness of U.S. measures.

1. Treasury is responsible for implementing and enforcing a wide range of U.S. sanctions programs even as increasing demand for use of these tools has outpaced growth in resourcing for the mission. In its 2021 sanctions review, Treasury recommended modernization steps and principles that included identifying a clear policy objective, assessing whether sanctions are the right tool to advance it, calibrating sanctions to minimize unintended impacts, coordinating with partners, and ensuring the sanctions are enforceable and adaptable—premised on a willingness to lift sanctions in response to positive change in behavior.³ Do you agree with these recommendations from the review?
2. Are there particular areas in which sanctions prohibitions are too broad or otherwise overused, including in ways that could be driving migration? How serious is the risk that sanctions overuse could undermine use of the U.S. dollar in cross-border transactions globally?
3. Will you continue Treasury's work to make sure that the costs for Russia continue to rise while it continues its war of choice against Ukraine,⁴ including but not limited to imposing sanctions on entities in China and other third countries that help Russia evade our measures?
 - a. Do you commit to briefing Congress ahead of any unwinding of Russia sanctions prohibitions or designations, and ahead of any decisions regarding Russian sovereign assets?
4. Do you agree with Secretary Rubio that the United States could miss a closing window to promote stability in Syria and resilience against ISIS, Iran, and Russia if we do not consider updating our sanctions?⁵
 - a. Broad, comprehensive prohibitions still apply to the country's entire economy and banking system following the end of the Assad regime.⁶ Do you agree that we can update or unwind those broad measures while keeping more targeted measures, such as counterterrorism sanctions, in place?

3 U.S. Department of the Treasury, "The Treasury 2021 Sanctions Review," October 2021, <https://home.treasury.gov/system/files/136/Treasury-2021-sanctions-review.pdf>.

4 U.S. Department of the Treasury, "Treasury Intensifies Sanctions Against Russia by Targeting Russia's Oil Production and Exports," press release, January 10, 2025, <https://home.treasury.gov/news/press-releases/jy2777>.

5 Senate Committee on Foreign Relations, "Nomination Hearing," January 15, 2025, <https://www.foreign.senate.gov/hearings/nominations-01-15-2025>.

6 The Economist, "The West is making a muddle of its Syria sanctions," January 9, 2025, <https://www.economist.com/middle-east-and-africa/2025/01/09/the-west-is-making-a-muddle-of-its-syria-sanctions>.

5. What are broad sanctions on Venezuela, imposed during the first Trump Administration in an attempt to bring about regime change, now meant to accomplish?
 - a. Do you acknowledge that U.S. sanctions on Venezuela have increased migration flows, and that this unintended consequence should be factored into the Administration's policy deliberations?
 - b. Do you agree that U.S. sanctions and tariffs should not drive mass deprivation in foreign countries, whether as an unintended consequence or as a strategy to bring about regime change?
 - c. Do you agree that "secondary tariffs" covering all imports from third countries would, if enacted, impact a range of businesses and people abroad and at home, rather than being targeted at individuals or entities engaged in specific behavior?
6. Will you advocate for the use of sanctions to advance U.S. policy objectives in a targeted way without impacting civilian populations broadly?
 - a. Licenses and exemptions for humanitarian, agricultural, and medical transactions serve an important lifesaving purpose. Do you agree that these exemptions alone cannot substitute for well-targeted sanctions when aiming to avoid large-scale civilian impact?

Anti-Money Laundering and Countering the Financing of Terrorism

Treasury's anti-money laundering and countering the financing of terrorism (AML/CFT) regime protects our financial system from long-standing threats like corruption, fraud, and international terrorism, as well as rapidly evolving and acute threats, such as domestic terrorism, ransomware attacks, and other cybercrime. FinCEN, a bureau within Treasury, serves as the "financial intelligence unit" of the United States.⁷ FinCEN plays a crucial role in enforcing violations of the *Bank Secrecy Act* (BSA), which is the primary law that safeguards our financial system from illicit use.⁸ TFFC represents the United States at the Financial Action Task Force (FATF), an organization that researches money laundering and terrorist financing, promotes global standards to mitigate the risks, and assesses whether countries are taking effective action.

Congress made a significant update to our anti-money laundering laws with the bipartisan *Corporate Transparency Act*, which provides law enforcement and national security officials with information identifying the true owners of U.S. corporations and other legal entities.⁹ This information will help the government combat money laundering, sanctions evasion, and terrorist financing.¹⁰ However, Project 2025 called for Congress to repeal the *Corporate Transparency*

⁷ Financial Crimes Enforcement Network, "What We Do," <https://www.fincen.gov/about/what-we-do>.

⁸ *Id.*

⁹ Corporate Transparency Act, Public Law 116-92.

¹⁰ U.S. House Committee on Financial Services, "Waters, Whitehouse, Wyden, Warren, Reed, File Amicus Brief Defending Constitutionality of Corporate Transparency Act," April 23, 2024, press release, <https://democrats-financialservices.house.gov/news/documentsingle.aspx?DocumentID=411391>; U.S. Department of the Treasury, "Remarks by Secretary Janet L. Yellen on Anti-Corruption as a Cornerstone of a Fair, Accountable, and Democratic Economy at the Summit for Democracy," press release, March 28, 2023, <https://home.treasury.gov/news/press-releases/jy1371>.

Act and for FinCEN to withdraw its Beneficial Ownership Reporting Rule.¹¹ Last month, the Trump Administration suddenly announced that it would not be implementing the law—choosing only to implement the requirements on foreign-registered entities even though the main problem that Congress sought to address was the use of opaque entities in the United States, which may be foreign-owned or controlled.¹² Treasury has not yet responded to a letter I sent with a number of colleagues pressing for answers about how its decision will harm national security.

Bad actors are also increasingly turning to cryptocurrency to enable money laundering, sanctions evasion, and to finance major national security threats, such as Russia’s war on Ukraine, North Korea’s nuclear program, China’s sale of weapons parts to sanctioned nations, and ransomware attacks.¹³ Treasury has recognized growing threats and vulnerabilities in the virtual asset space and, in November 2023, the agency published a “term sheet” outlining five legislative proposals that would help Treasury combat illicit finance, including amending the BSA to include a new virtual asset-related category of “financial institution” that would include entities such as crypto exchanges.¹⁴

1. If confirmed, will you fully implement and enforce the provisions of the *Corporate Transparency Act*, including those that require U.S.-registered entities to report beneficial ownership information?
 - a. In 2023, the Department of Justice revealed that the Sinaloa Cartel had allegedly laundered at least \$16.5 million through a network that relied on shell companies incorporated in Wyoming.¹⁵ Network employees apparently picked up bulk cash in cities across the United States before using the shell companies to launder the funds and transfer them to foreign bank accounts. Do you agree that the Sinaloa Cartel uses U.S.-registered companies to commit crimes?

11 Project 2025 Presidential Transition Project, “Chapter 22: Department of the Treasury,” William L. Walton, Stephen Moore, and David R. Burton, p. 707, https://static.project2025.org/2025_MandateForLeadership_FULL.pdf.

12 U.S. Department of the Treasury, “Treasury Department Announces Suspension of Enforcement of Corporate Transparency Act Against U.S. Citizens and Domestic Reporting Companies,” March 2, 2025, <https://home.treasury.gov/news/press-releases/sb0038>.

13 Wall Street Journal, “Inside the Russian Shadow Trade for Weapons Parts, Fueled by Crypto,” Angus Berwick and Ben Foldy, April 1, 2024, <https://www.wsj.com/finance/currencies/crypto-fuels-russian-shadow-trade-for-weapons-parts-1bfde1a1>; Chainalysis, “2022 Biggest Year Ever for Crypto Hacking with \$3.8 Billion Stolen, Primarily from DeFi Protocols and by North Korea-linked Attackers,” February 1, 2023, <https://www.chainalysis.com/blog/2022-biggest-year-ever-for-crypto-hacking/>; U.S. Senate Committee on Homeland Security & Governmental Affairs, “Use of Cryptocurrency in Ransomware Attacks, Available Data, and National Security Concerns,” May 24, 2022, <https://www.hsgac.senate.gov/wp-content/uploads/imo/media/doc/HSGAC%20Majority%20Cryptocurrency%20Ransomware%20Report.pdf>.

14 U.S. Department of the Treasury, “Potential Options to Strengthen Counter-Terrorist Financing Authorities,” November 28, 2023, <https://www.coincenter.org/app/uploads/2023/12/11.28.2023-Counter-TF-Legislative-Proposals.pdf>.

15 U.S. Department of Justice, “Sophisticated Sinaloa Cartel Money Laundering Organization Dismantled,” April 11, 2023, <https://www.justice.gov/usao-sdca/pr/sophisticated-sinaloa-cartel-money-laundering-organization-dismantled>.

- b. In 2021, the Department of Justice charged 10 Iranian nationals with running a nearly 20-year scheme to evade sanctions by allegedly disguising more than \$300 million in transactions, including the purchase of two oil tankers, through the use of front companies in California and other countries.¹⁶ They allegedly wired money on Iran’s behalf in U.S. dollars and sent it through U.S.-based banks. Do you agree that Iran uses U.S.-registered companies to evade sanctions?
 - c. In 2021, a court sentenced a California man to 63 months in prison for illegally exporting integrated circuits with military applications to China.¹⁷ He used a U.S. company he controlled to funnel funds provided by Chinese entities to finance the manufacturing of monolithic microwave integrated circuit technology. Do you agree that the PRC uses U.S.-registered companies to circumvent U.S. export controls?
 - d. Will you work with Congress to make sure that the office responsible for maintaining the beneficial ownership database, the Financial Crimes Enforcement Network (FinCEN), has sufficient staff, technology, and other necessary funding and resources to make the most out of this new tool?
- 2. Should AML/CFT and sanctions programs include risk-based provisions reasonably designed to prevent money laundering or terrorist financing involving digital assets?
 - a. The FATF warned in 2024 that many countries around the world “continue to struggle with the implementation of the fundamental requirements” of a key recommendation to combat terrorist and criminal use of virtual assets.¹⁸ Do you agree that our adversaries and illicit actors exploit exchanges and other service providers in vulnerable jurisdictions to launder funds and to “cash out?”
 - b. The FATF emphasizes “the importance of relevant FATF Standards being effectively implemented before the mass adoption of stablecoins, in order to manage and mitigate” money laundering, terrorist financing, and proliferation financing risks.¹⁹ Will you work to ensure that entities and services that facilitate stablecoin transactions are subject to clear AML/CFT and sanctions compliance obligations?
 - c. Treasury’s 2023 Illicit Finance Risk Assessment of Decentralized Finance (DeFi) stated that “a DeFi service that functions as a financial institution as defined by the BSA, regardless of whether the service is centralized or decentralized, will be

16 U.S. Department of Justice, “Iranian Nationals Charged with Conspiring to Evade U.S. Sanctions on Iran by Disguising \$300 Million in Transactions Over Two Decades,” March 19, 2021, <https://www.justice.gov/archives/opa/pr/iranian-nationals-charged-conspiring-evade-us-sanctions-iran-disguising-300-million>.

17 U.S. Department of Justice, “Electrical Engineer Sentenced to More Than Five Years in Prison for Conspiring to Illegally Export to China Semiconductor Chips with Military Uses,” July 22, 2021, <https://www.justice.gov/archives/opa/pr/electrical-engineer-sentenced-more-five-years-prison-conspiring-illegally-export-china>.

18 Financial Action Task Force, “Targeted Update on Implementation of the FATF Standards on Virtual Assets and Virtual Asset Service Providers,” June 2024, <https://www.fatf-gafi.org/content/dam/fatf-gafi/recommendations/2024-Targeted-Update-VA-VASP.pdf.coredownload.inline.pdf>.

19 *Id.*

required to comply with BSA obligations, including AML/CFT obligations.”²⁰ It also warned that “many existing DeFi services covered by the BSA fail to comply with AML/CFT obligations, a vulnerability that illicit actors exploit.” Will you help increase common understanding among industry participants about how AML/CFT obligations may apply to DeFi services?

- d. Should OFAC have enforcement jurisdiction over U.S. dollar-denominated stablecoins?
3. Treasury identified in its 2024 National Money Laundering Risk Assessment that fraud remains the largest and most significant proceed-generating crime for which funds are laundered in or through the United States.²¹
 - a. Do you agree that addressing fraud should remain a priority for the Treasury Department?
 - b. What actions will you prioritize to combat the laundering of the proceeds of fraud?

National Security Workforce

President Trump issued a Presidential Memorandum on January 20, 2025 that instituted an immediate hiring freeze, with exemptions, across the federal civil service.²² The Office of Management and Budget (OMB) and the Office of Personnel Management (OPM) then issued a memorandum identifying “mandatory exemptions” from the freeze. It made clear that executive departments and agencies are required to exempt from the hiring freeze “positions related to immigration enforcement, national security, or public safety.”²³ Those exemptions plainly cover national security positions in TFI. The OPM memorandum also provided a series of additional, permitted exemptions. For example, it explained that agency heads may exempt positions they deem necessary to “meet national security (including foreign relations) responsibilities.”²⁴

Given TFI’s clear national security mission, I ask you to confirm that Treasury has no longer paused hiring for TFI or rescinded job offers, including tentative or conditional offers already accepted by individuals who successfully navigated an extensive hiring process because they seek to help defend our country and our financial system.

1. If confirmed, will you support TFI’s workforce by making full use of mandatory and discretionary national security exemptions from the hiring freeze or other directives that could impact Treasury employees?

20 U.S. Department of the Treasury, “Illicit Finance Risk Assessment of Decentralized Finance,” April 2023, <https://home.treasury.gov/system/files/136/DeFi-Risk-Full-Review.pdf>.

21 U.S. Department of the Treasury, “2024 National Money Laundering Risk Assessment,” February 2024, <https://home.treasury.gov/system/files/136/2024-National-Money-Laundering-Risk-Assessment.pdf>.

22 The White House, “Hiring Freeze,” January 20, 2025, <https://www.whitehouse.gov/presidential-actions/2025/01/hiring-freeze/>.

23 U.S. Office of Management and Budget and U.S. Office of Personnel Management, “Federal Civilian Hiring Freeze Guidance,” Matthew J. Vaeth and Charles Ezell, January 20, 2025, <https://www.opm.gov/media/zkebfxow/omb-opm-federal-civilian-hiring-freeze-guidance-1-20-2025-final.pdf>.

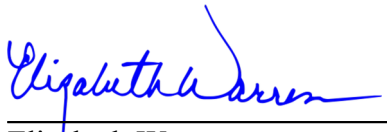
24 *Id.*

2. Do you commit to providing Congress an update on whether Treasury has continued to pause hiring for positions in TFI despite the overwhelming need for additional personnel to accomplish TFI's growing national security mission?

Conclusion

Your hearing before the Senate Banking, Housing, and Urban Affairs Committee is scheduled for April 10, 2025, and I ask that you come to this hearing prepared to answer the questions in this letter. I also ask that you provide detailed written answers to these questions prior to any committee vote to advance your nomination.

Sincerely,



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