

THE ANNUAL TESTIMONY OF THE SECRETARY
OF THE TREASURY ON THE STATE
OF THE INTERNATIONAL FINANCIAL SYSTEM

HEARING
BEFORE THE
COMMITTEE ON FINANCIAL SERVICES
U.S. HOUSE OF REPRESENTATIVES
ONE HUNDRED NINETEENTH CONGRESS
FIRST SESSION

MAY 7, 2025

Serial No. 119–20

Printed for the use of the Committee on Financial Services



www.govinfo.gov

U.S. GOVERNMENT PUBLISHING OFFICE

60–550 PDF

WASHINGTON : 2026

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Wednesday, May 7, 2025

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**THE ANNUAL TESTIMONY OF THE
SECRETARY OF THE TREASURY
ON THE STATE OF THE
INTERNATIONAL FINANCIAL SYSTEM**

Wednesday, May 7, 2025

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON FINANCIAL SERVICES,
Washington, DC.

The committee met, pursuant to notice, at 10:05 a.m., in room 2128, Rayburn House Office Building, Hon. J. French Hill [chairman of the committee] presiding.

Present: Representatives Hill, Lucas, Sessions, Huizenga, Wagner, Barr, Williams of Texas, Loudermilk, Davidson, Rose, Steil, Timmons, Stutzman, Meuser, Kim, Donalds, Garbarino, Fitzgerald, Lawler, De La Cruz, Ogles, Salazar, Downing, Haridopolos, Moore, Waters, Velázquez, Sherman, Meeks, Scott, Lynch, Green, Cleaver, Himes, Foster, Beatty, Vargas, Gonzalez, Casten, Pressley, Tlaib, Torres, Garcia, Williams of Georgia, Fields, Bynum, and Liccardo.

Chairman HILL. The Subcommittee on Financial Services will come to order. Without objection, the Chair is authorized to declare a recess at any time.

This hearing is titled: The Annual Testimony of the Secretary of the Treasury on the state of the International Financial System. Without objection, all members will have five legislative days within which to submit extraneous materials to the Chair for inclusion in the record. I now recognize myself for an opening statement.

**OPENING STATEMENT OF HON. FRENCH HILL, CHAIRMAN OF
THE COMMITTEE ON FINANCIAL SERVICES, A U.S. REP-
RESENTATIVE FROM ARKANSAS**

I want to welcome Treasury Secretary Bessent to his first appearance before our committee. The President is fortunate to have a cabinet official of this fine caliber. This annual hearing is meant to examine the international financial system.

The International Monetary Fund (IMF), the World Bank, and the Regional Development Banks play a key role in advancing U.S. interests but in recent years, they have surrendered to mission creep.

Under the Biden Administration, the IMF management tried to turn the fund into World Bank light, launching initiatives on climate change and social policy. If the Trump Administration wants to pull back the IMF's mission creep, it can start by scrapping the

resilience and sustainability facility and instead focus on the poverty reduction and growth trust.

Other reforms are just as vital. In 2021, the IMF management pushed through an allocation of special drawing rights, SDRs, that gave China over \$40 billion in unconditional liquidity, with another \$17 billion going to Russia, and \$5 billion each going to Iran and Venezuela. Congress had no say in the matter. Any future SDR allocations must have elected lawmakers buy it. Moving forward, we need leadership at the IMF that cares more about the fund's core mission rather than hurting the feelings of the Chinese Communist Party.

Think about it. No one can say what the true growth rate is of the world's second largest economy. No one really understands how China manages its exchange rate. It narrowly has a trillion-dollar trade surplus and a Central Bank controlled by an authoritarian, dictatorial political party. Its opaque predatory lending to developing countries has seen no significant restructuring. All this is an indictment of the IMF's leadership, and we need greater transparency.

Turning from the IMF, the World Bank and the Asian Development Bank still green-light a billion dollars per year for Chinese projects. I urge the Trump Administration to end all World Bank and Asian Development Bank assistance of China by end of President Trump's term.

At the same time, I commend the World Bank for its recent openness to financing nuclear energy, which is a priority of mine and enjoys bipartisan support here in Congress. During the spring meetings last month, I met with officials from around the world who agree that nuclear power is an obvious fit for the development bank's core mission. I was pleased to see you, Mr. Secretary, echo your importance for nuclear energy and your remarks at the bank meetings as well.

If we care about back-to-basics approach, the banks can go even further by recommitting themselves to public health, education, and infrastructure. For example: 70 percent of 10-year-olds in low- and middle-income countries cannot understand a simple written text; over 400,000 children die of malaria each year; half of Sub-Saharan Africa has no reliable electricity, but for too long the World Bank and others have spent more time and more money on climate change and empty rhetoric than trying to tackle these urgent development challenges.

Mr. Secretary, our committee appreciated your remarks at the IMF and World Bank spring meetings where you outlined an active approach to these issues and noted the critical leadership role that the United States plays in our multilateral financial institutions.

We should all be pleased that Treasury has a leader who has signaled that he will tackle these issues in a serious way. I look forward to discussing our international financial institutions with you as well as hearing from our members on the various priorities that are important to them. I yield back.

The Chair now recognizes the Ranking Member of the committee, Ms. Waters, for 4 minutes for an opening statement.

**OPENING STATEMENT OF HON. MAXINE WATERS, RANKING
MEMBER OF THE COMMITTEE ON FINANCIAL SERVICES, A
U.S. REPRESENTATIVE FROM CALIFORNIA**

Ms. WATERS. Thank you, Mr. Chairman. Since the first day of the Trump Administration, Members of Congress and the American public have demanded transparency and accountability regarding the economic calamity this regime has caused. Instead, we have been met with flat outright lies, deception, and unfathomable level of gaslighting by officials like today's witness. Secretary Bessent, you are about to go down in history as the man who oversaw one of the most significant economic downfalls in modern history.

The U.S. economy, which had the strongest recovery from the pandemic, compared to other large economies in the world is now falling behind. In the first quarter since Trump took office, the United States economy shrank without gross domestic products, decreasing by 0.3 percent. We are falling behind while Canada, Europe, and China are racing ahead. What happened to the Golden Age you and President Trump promised the American people?

Secretary Bessent, you are also the face of what the Wall Street Journal has described as, and I quote, the dumbest trade war in history. As a result of this stupidity, U.S. stock markets had experienced the worst first 100 days of any Presidential term in more than 50 years. America's CEOs are sounding the alarm of what is to come. Empty shelves and higher prices that the American consumer will pay. Companies are already running out of inventory. Port volume is down and small businesses are warning that they will not survive this. Moreover, inflation remains a problem, and housing affordability continues to be a challenge, with homebuilders estimating Trump's tariffs will add \$11,000 to each new home they build.

I have no doubt that what I am telling you, I am telling you stuff you already know. It has already been reported that you yourself admitted in an April 22 closed-door investor Summit that Trump's tariffs on China are quote, unsustainable, unquote, but in public, you have twisted yourself into a pretzel trying to justify them. You are gaslighting the American people into believing that this chaos is all a part of some master plan.

If the plan is to steer the U.S. economy into a recession as economists are predicting, then it is working. Economists say Trump tariffs will cost on the average each American family nearly \$5,000 more per year.

Mr. Bessent, because you and your ultra wealthy group of insiders can afford this, most Americans cannot. The American people also deserve to know why you handed Elon Musk and his Department of Government Efficiency (DOGE) minions access to Treasury's payment system and the Consumer Financial Protection Bureau's data base.

Today, you need to tell the American people why you are dismantling agencies that protect consumers from financial fraud and abuse and weakening ones meant to support the small businesses struggling under the weight of your policies. You need to answer for this, and you need to answer for senior members of this administration who are trying to make a buck off of this market manipulation and blatant, brazen corruption.

Chairman Hill, if I were you, I would swear this witness in before he begins his testimony.

Chairman HILL. The gentlewoman yields back. The Chair recognizes the Chair of the Subcommittee on National Security, Illicit Finance, and International Financial Institutions, Mr. Warren Davidson for 1 minute for an opening statement.

Mr. Davidson.

STATEMENT OF WARREN DAVIDSON, CHAIR OF THE SUBCOMMITTEE ON NATIONAL SECURITY, ILLICIT FINANCE, AND INTERNATIONAL FINANCIAL INSTITUTIONS, A U.S. REPRESENTATIVE FROM OHIO

Mr. DAVIDSON. Thank you, Chairman.

Mr. Secretary, thank you for joining us today. We really appreciate you. As this committee gathers to discuss the state of the international financial system, your remarks at the conclusion of the IMF World Bank spring meetings hit the bull's eye. Your vision to steer the IMF and World Bank back to their core missions, macroeconomic stability, and economic development while cutting through mission creep is exactly what we need. By championing fiscal discipline, anti-corruption measures, and private-sector-led growth, you are paving the way for a sustainable global economy.

America is done bank rolling China's gains and their trade scams. Your call for fairness in U.S. leadership nails it. Tying our dollars to hard reforms at these international institutions, that is accountability that we can and should trust. America first must mean that America's resources advance America's interest. So thank you for your clarity and your tireless efforts, Mr. Secretary.

Let us make sure that the global financial system serves main street Americans, not globalist elites. Mr. Chairman, I yield back.

Chairman HILL. The gentleman yields back.

The Chair recognizes the Ranking Member of the Subcommittee on National Security, Illicit Finance, and International Financial Institutions, Mrs. Beatty, for 1 minute for an opening statement.

STATEMENT OF HON. JOYCE BEATTY, RANKING MEMBER OF THE SUBCOMMITTEE ON NATIONAL SECURITY, ILLICIT FINANCE, AND INTERNATIONAL FINANCIAL INSTITUTIONS, A U.S. REPRESENTATIVE FROM OHIO

Mrs. BEATTY. Mr. Chairman, Ranking Member, and Mr. Secretary, first let me start by associating myself with the words of Ranking Member Waters. Mr. Secretary, hardworking American families have been struggling—as I am sure you should know—since the pandemic to put food on their tables and to keep their small businesses open. Just when the Biden Administration had started had to provide some relief, the Trump Administration came in and needlessly say tanked the economy.

Despite promises to lower costs for American families, we see the direct opposite. I lay the blame on the Trump Administration. Inflation is up. Borrowing and housing costs are rising. The stock market is in chaos, endangering American's retirement savings, and the United States' economy shrank in the first quarter since Trump took office.

Just to add insult to injury, Republicans are cutting Medicaid and food stamps to pay for huge tax cuts to billionaires. Our constituents deserve better. I yield back.

Chairman HILL. The gentlewoman yields back.

Today we welcome the testimony of Hon. Scott Bessent, the Secretary of the Treasury. We thank you for taking time to be with us. You will be recognized for 5 minutes to give an oral presentation of your testimony.

Without objection, your written statement will be made part of the record.

Mr. Secretary, you are now recognized for 5 minutes.

STATEMENT OF HON. SCOTT BESSENT, SECRETARY, UNITED STATES TREASURY

Secretary BESSENT. Chairman Hill, Ranking Member Waters, and members of the committee, I am grateful to join you today. At the IMF and World Bank spring meeting last month, I relayed an important message: America first does not mean America alone. To the contrary, America first seeks to expand U.S. leadership and international institutions like the IMF and the World Bank. By embracing a stronger leadership role, the United States will restore fairness to the international economic system.

I look forward to answering your questions on this topic today, and I look forward to providing you with a broad overview of Treasury's achievements and future plans. Specifically, I would like to highlight the department's efforts to boost U.S. economic growth, improve government efficiency, and target illicit actors that threaten our national security.

The core components of the Trump economic agenda are trade tax cuts and deregulations. These are not standalone policies. They are interlocking parts of an engine designed to drive economic growth and domestic manufacturing. Tax cuts can cause savings from deregulation and raise real incomes for families and businesses.

Tariffs create an incentive for reshoring jobs and fair trade, and deregulation complement tariffs by making it easier to invest in energy and manufacturing projects. Already this agenda is bearing fruit.

In the first hundred days of the new administration, 464,000 new jobs were added to the economy. In April alone, over 177,000 American jobs were added; more than 40,000 more than economist predicted. All the while employment remains low while real hourly wages continue to grow.

As important as spurring job growth is wrangling inflation and in this endeavor, the administration continues to make tangible progress. The consumer price index (CPI) for energy goods declined in March as did the price index for core goods. The CPI for all items declined for the first time since the coronavirus disease (COVID) pandemic.

While the cost of goods is decreasing, so are energy prices. Complementary to our efforts to grow American prosperity, we are focused on improving efficiency across all levels of government, but especially the Internal Revenue Service (IRS). We just concluded a successful tax filing season, but the IRS still needs significant re-

forms to deliver efficient and cost-friendly results for the American people. In this endeavor, we have successfully cut 2 billion from the IRS information technology (IT) budget without any operational disruptions. We achieved these cost savings by eliminating renegotiating and de-scoping wasteful IT and professional service contracts and addressing longstanding efficiencies such as auto-renewed licenses unused for years. This intervention alone will save taxpayers hundreds of millions of dollars each year.

We are also taking steps at the IRS to reduce administrative costs with a particular focus on paper processing, which has been a longstanding bipartisan goal. Last year, the IRS spent approximately 450 million on paper processing with nearly 6,500 full-time staff dedicated to the task. Through policy changes and automation, Treasury aims to reduce this expense to under 20 million by the end of President Trump's second term.

In addition to making government more efficient, Treasury is committed to working alongside the White House to make America safe again. To that end, we have launched a maximum pressure campaign against violent cartels and terrorist networks. We have assessed tens of millions of dollars in civil penalties against organizations facilitating money laundering along the southern border. By leveraging sanctions, we are choking off the financial lifelines of terrorists, criminals, and hackers from Mexico and Guatemala to China and Iran.

In the first hundred days of the new administration, we have set the table for a robust economy that allows main street to grow. With Congress and the White House working hand in hand, we expect to see even more positive results over the next few months.

The key to expanding economic opportunity for all Americans is making the Trump tax cuts permanent. We are eager to work closely with members of this committee to pass this bill into law. Together, we can build a stronger, safer, and more prosperous America. Thank you.

[The prepared statement of Secretary Bessent follows:]

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**Statement of Secretary Scott K. H. Bessent
United States Department of the Treasury
Before the Committee on Financial Services
United States House of Representatives
May 7, 2025**

Chairman Hill, Ranking Member Waters, and Members of the Committee—I'm grateful to join you today.

At the IMF and World Bank Group Spring Meetings last month, I relayed an important message: America First does not mean America Alone. To the contrary, America First seeks to expand U.S. leadership in international institutions like the IMF and World Bank. By embracing a stronger leadership role, the United States will restore fairness to the international economic system.

I look forward to answering your questions on this topic today. And I look forward to providing you with a broad overview of Treasury's achievements and future plans. Specifically, I would like to highlight the Department's efforts to boost U.S. economic growth, improve government efficiency, and target illicit actors that threaten our national security.

The core components of the Trump economic agenda are trade, tax cuts, and deregulation. These are not standalone policies. They are interlocking parts of an engine designed to drive economic growth and domestic manufacturing: Tax cuts and cost savings from deregulation raise real incomes for families and businesses; tariffs create an incentive for reshoring jobs and fair trade; and deregulation complements tariffs by making it easier to invest in energy and manufacturing projects.

Already, this agenda is bearing fruit.

In the first 100 days of the new administration, 464,000 new jobs were added to the economy. In April alone, over 177,000 American jobs were added—over 40,000 more than economists predicted. All the while, unemployment remains low while real hourly wages continue to grow.

As important as spurring job growth is wrangling inflation. And in this endeavor, the administration continues to make tangible progress. The CPI for energy goods declined in March as did the price index for core goods. And the CPI for all items declined for the first time since the COVID pandemic. While the cost of goods is decreasing, so are energy prices.

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In the first 100 days of the new administration, we have set the table for a robust economy that allows Main Street to grow. With Congress and the White House working hand in hand, we expect to see even more positive results over the next few months. Key to expanding economic opportunity for all Americans is making the Trump tax cuts permanent. We are eager to work closely with the Members of this Committee to pass this bill into law. Together, we can build a stronger, safer, and more prosperous America.

Thank you.

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Chairman HILL. Thank you, Mr. Secretary. We will now turn to member questions. The Chair recognizes himself for 5 minutes for questions.

Mr. Secretary, as I noted in my opening statement, I was pleased to see your endorsement of nuclear energy projects during the World Bank spring meetings last month. On a bipartisan basis, this committee recently passed my International Nuclear Energy Financing Act, which would establish trust funds at the World Bank, the European Bank for Reconstruction Development, and potentially another multilateral development banks. Senators from both sides of the aisle also support this concept.

Would you support the idea of trust funds to benefit nuclear energy financing at the multilateral development bank?

Secretary BESSENT. Mr. Chairman, this administration supports an across-the-board effort to increase the nuclear power via for civilian use throughout the world. We think that the World Bank should make that a key effort.

Chairman HILL. Thank you. I also referenced my work over the past 5 years with the Treasury and others about IMF reforms. You also referenced that in your talk. Recently, the IMF shareholders agreed to a quota increase. I appreciate the agreement—that this agreement does nothing to increase the voting power of China or Russia. If Congress were to approve this agreement, it would allow future administrations, to green-light more general special drawing rights, allocations close to a trillion dollars. That would mean \$60 billion of new unconditional liquidity for the Chinese Communist Party, \$25 billion for Moscow, and \$7 billion each for the regimes in Caracas and Iran with no sign off from Congress.

Even if rogue regimes Financial Transmission Rights (FTRs) are rejected by Western countries, which we have seen in the case of sanction countries, they still could be exchanged behind the scenes for Chinese renminbi (RMB), for example. I believe this is unacceptable.

Would Treasury under your leadership work with me to reform the SDR allocation process at the IMF?

Secretary BESSENT. Mr. Chairman, we believe the SDR process at the IMF should serve the goals of the United States of America and not other States. As I said in my speech during IMF week, this administration is aligned with you via in your goals on the SDR. Furthermore, we believe that the IMF needs to get back to basics in working with countries when there is a market failure in financial markets rather than helping large, well-financed countries.

Chairman HILL. Thank you. We look forward to following up with you and walking through this. It will not be an easy task but with international leadership from the United States, I think we can get there, and I think we will all benefit. That means countries in trouble will benefit instead of just the general allocation approach.

The President, since he has been in office has championed high-profile investment issues involving China. As everyone knows, he has been negotiating U.S. investors' acquisition of control, for example, over TikTok. In his State of the Union address, President Trump announced a major investment would see Americans take

control of two ports near the Panama Canal that are currently owned by a Hong Kong-based.

I am concerned that recently established outbound investment restrictions could make deals like this even more challenging. Under the regulations, U.S. investors do not actually know which companies are off limits, and Americans face bureaucratic hurdles if they want to take control from Chinese owners.

What are your views on revising outbound programs to change this? Since the President wants strategically to see American investors take control perhaps of some Chinese-owned entities, how do we make sure we get outbound rules right?

Secretary BESSENT. Mr. Chairman, I want to thank you and the members of this committee for leadership on this. I had a very good discussion with two Members yesterday where we talked about the importance of establishing an either red light or green light and not having a yellow zone for outbound investment. The Outbound Investment Security Program is an important national security tool in our effort to restrict the People's Republic of China (PRC) from exploiting the benefits of U.S. investment. We have been receiving notifications from the outbound program. We are monitoring the market, and we are trying to ensure that the investment community is aware and familiar with the program.

We appreciate the answers from Congress. While legislation will be important and helpful, we would like a bit more time to process, including the work mandated by the President to inform legislation.

Chairman HILL. I appreciate that. I look forward to working with you. I yield back.

I will now turn to the distinguished Ranking Member of the committee, Ms. Waters, for 5 minutes.

Ms. WATERS. Thank you very much, Mr. Chairman. Secretary Bessent, this is the first time we have met. Is that correct?

Secretary BESSENT. No, ma'am. We actually met one New Year's Eve in the Bahamas. I was—

Ms. WATERS. I do not remember that.

Secretary BESSENT. You were much better at the Electric Side than I was, and I was with the Prime Minister of the Bahamas yesterday. Prime Minister Davis sends his regards.

Ms. WATERS. Were you with my husband when he was the Ambassador to the Bahamas appointed by Clinton?

Secretary BESSENT. No.

Ms. WATERS. You are not going to like this. This is the first—I did not remember that, but that is odd because you have been in Treasury, and I have sent you five letters to ask about what was going on under your leadership and only received a couple of cursory replies from your staff. Why did you not respond?

Secretary BESSENT. Ma'am?

Ms. WATERS. I guess you do not know why you did not respond. Secretary Bessent, you have worked in finance before, right? You will find bipartisan support on this committee with small businesses and the institutions that finance them.

I worked with Trump's first Treasury Secretary to pass 12 billion in support for community development financial institutions and minority banks and credit unions. I was surprised when Trump

first tried to eliminate the Community Development Financial Institutions (CDFIs), but it caught you by surprise also.

You said that the CDFI fund played an important role in expanding financial access. Unfortunately, you were not very persuasive last week. Trump proposed to basically cut all CDFI funding.

Now, let us discuss your job before becoming Secretary. Your hedge fund had a secret sauce for how you would make money for investors; a proprietary trading strategy. As CEO, you guarded that strategy. You never allowed unrelated persons to access your firm's computer records, data, personnel files, and algorithms, right? I am sure you would not have allowed just anyone unfettered access to copy, change, or to use those records, right? I suspect not and that makes good sense.

What does not make good sense is why as Treasury Secretary and acting Consumer Financial Protection Bureau (CFPB) Director, you would allow DOGE unfettered access to the government system that handles trillions of dollars in payments, to the proprietary business records of entities regulated by the CFPB, or most alarmingly to the tax records of hundreds of millions of Americans; but you still threw up the gates of our finance system open to Elon Musk and his ban of 22-year-olds.

Yes or no; do you know the level type or nature of the clearances and security training required for individuals to access the information held in the computers of Treasury, IRS, or CFPB?

Secretary BESSENT. Yes, I do, and I think we would have a disagreement over the definition of the word "unfettered."

Ms. WATERS. Mr. Secretary, did all the individuals working with DOGE who were given access to Treasury and CFPB's computer databases receive all of the required clearances and security training before they were granted access?

Secretary BESSENT. Again, they were granted read-only access at Treasury. There were two——

Ms. WATERS. Let me just say——

Secretary BESSENT [continuing]. two DOGE employees——

Ms. WATERS [continuing]. please, you cannot filibuster here. This is not the filibuster playground.

What you did was you let these strangers into our Treasury with access to all of the data, all of the personnel information, and you just opened the door. Why did you do that?

Secretary BESSENT. No, ma'am. They were Treasury employees.

Ms. WATERS. Oh, are you saying today in front of this committee that all of them were Treasury employees; that the 25-year-old who is being identified who worked for Elon Musk was not allowed—was allowed into the Treasury? Was that person there?

Secretary BESSENT. He was a Treasury employee as was Tom Krause, the senior person on the DOGE team. There were only two people that——

Ms. WATERS. There were DOGE employees also.

Secretary BESSENT. Sorry?

Ms. WATERS. Do you know, or were you aware that there were DOGE employees coming into our Treasury, getting all of our personal information?

Secretary BESSENT. Ma'am, there is no such thing as a DOGE employee; there were Treasury employees.

Ms. WATERS. I tend to disagree with you based on the information that I have. Has any information been downloaded by anyone working with DOGE from any of Treasury's or CFPB's computers? Answer yes or no.

Secretary BESSENT. Not to my knowledge.

Ms. WATERS. You better learn. I will yield back.

Chairman HILL. The gentlewoman yields back.

The gentleman from Michigan, the Vice Chairman of our committee, Mr. Huizenga is recognized for 5 minutes.

Mr. HUIZENGA. Thank you, Mr. Secretary, for being here. I just have to note that it is ironic that this has been declared a no filibuster zone by the same people who walked out of a hearing yesterday in filibuster.

So—and I just to give you one quick brief moment. Are you saying that there were no unauthorized or unsanctioned persons that had access to the systems that you are in control of?

Secretary BESSENT. Again, there were two employees—

Mr. HUIZENGA. Yes.

Secretary BESSENT [continuing]. that were very strict guardrails, and they were there for an Enterprise Resource Planning (ERP) function.

Mr. HUIZENGA. Yes, so they were authorized, and they were sanctioned?

Secretary BESSENT. Yes.

Mr. HUIZENGA. So not unknown and Elon Musk was not one of those two people?

Secretary BESSENT. No, to my knowledge, Mr. Musk has never been in the Treasury building.

Mr. HUIZENGA. Okay. All right. I have hit on Burma and a little crypto, and if we have time, China. I want to thank you for your actions that Treasury took this past Monday regarding Burma. The KNA, the Karen National Army has become a haven for Transnational Criminal Organizations that run illicit operations such all human trafficking and smuggling. The group has strong ties to the Burmese Army which has targeted religious and ethnic minorities such as the Rohingya since the civil war stuff broke out in 2021.

While the United States and our allies continue to impose sanctions against the military junta, unfortunately the atrocities continue.

My district, the Fourth District of Michigan is home to approximately 5,000 of these ethnic Burmese, and I am just asking you, we need to do more to protect the people of Burma and to stop the genocide.

Yesterday I reintroduced the Brave Burma Act, a bipartisan piece of legislation that would require the President to determine on an annual basis whether to impose stronger blocking sanctions against the Myanmar oil and gas enterprise, the Myanmar Economic Bank, and foreign persons operating in the jet fuel sector of the Burmese economy, which has been a tremendous amount of their revenue; and further limits the junta's ability to borrow at the IMF, which I think is one of the issues that the Chairman was touch being on. These actions would target the heart of the military junta's revenue.

Can I get your commitment that you are going to continue to work with my staff and us on a bipartisan basis as we try to address these issues in Burma?

Secretary BESSENT. Congressman, we are happy to work with your staff on this legislation and thank you for your leadership on this issue. I share your concern about imposing consequences on persons who threaten the peace, security, and stability of Burma. The Treasury has the tools to continue to take action for the people of Burma and working with you, we will continue to do so.

Mr. HUIZENG. That is great. What is frustrating is that while some of these sanctions have been put in place, sanctions are only as good as the willingness to enforce them. We have seen them receiving financial support from the junta from around the world, especially frankly as they ramped up production during the last administration. I will note it is not just Burma; it is places like Iran that this illicit activity that has gone around the sanctions has been allowed. In some cases, Treasury has granted these licenses. I sat on the Foreign Affairs Committee as well, and we see this all the time.

I want to touch on crypto. Yesterday, as I had mentioned, the committee held a hearing with House Agriculture or attempted to hold a hearing with the House Agriculture Committee. It turned into a very important roundtable as well regarding digital asset market structure reform.

Can you quickly explain how important it is to—it is for America to take the lead here, especially as we see China leaping ahead?

Secretary BESSENT. Yes, sir. We believe that the United States should be the premier destination for digital assets and as members of this committee and the Senate are attempting to do. Create good market structure via around that so that U.S. best practices are used around the world.

Mr. HUIZENG. That is really the point, right, is having American U.S. best practices to sort of set the pace for others to follow rather than us trying to fill in the holes that others—that may be created by as others set that pace.

Secretary BESSENT. Yes, sir. Also the digital assets that are an important source of innovation that will drive the—that can drive usage of the U.S. dollar around the world. As with stable coin legislation, there is speculation that there may be up to \$2 trillion of demand over the next few years for U.S. Government securities from digital assets.

Mr. HUIZENG. My time has expired, but I will send you my question regarding Chinese debt trap diplomacy. With that I yield back.

Chairman HILL. The gentleman yields back.

The gentlewoman from New York, Ranking Member of the Small Business Committee, Ms. Velázquez, is recognized for 5 minutes.

Ms. VELÁZQUEZ. Mr. Chairman, I want to raise a point of order.

Chairman HILL. Yes, ma'am.

Ms. VELÁZQUEZ. I do not want the clock eating my time. I would like for the witness to be sworn in before I ask my questions.

Chairman HILL. The Chair does not see a need for that. You may ask your questions. Your time can start—start the gentlewoman's time over for 5 minutes.

Ms. VELÁZQUEZ. Secretary Bessent, you were on CNBC earlier this week, making claims saying we are very close, and maybe we will see some deals this week on tariffs. Tell us, tell the American people, tell small businesses and consumers, tell retirees, specifically which countries are you close to striking deals with?

Secretary BESSENT. I am sorry, Congresswoman, but that would not benefit the United States.

Ms. VELÁZQUEZ. No, no, no. I am asking you a question, based on the statement that you made on CNBC.

Secretary BESSENT. I am telling you that it would be detrimental to the interest of the United States for me to answer that question.

Ms. VELÁZQUEZ. Why would that be detrimental?

Secretary BESSENT. Because as the negotiations may still be in process as we speak, as we are not at the end of the week yet, I am sure that you, through your question, would not want to compromise U.S. negotiations. Would you?

Ms. VELÁZQUEZ. Reclaiming my time.

Secretary Bessent, the President goes into a press conference and claims that there are negotiations going on: then the next day there is no negotiations going on.

Why would you not answer my question, and that would be considered detrimental to American people to the American economy? I do not understand. Despite your claim——

Secretary BESSENT. Congresswoman, I am happy to say there are negotiations going on. I am not going to reveal the details.

Ms. VELÁZQUEZ. How long do you think those negotiations will take before they are concluded?

Secretary BESSENT. There are numerous countries—as I have said, if you saw my CNBC interview, which you referenced, that there are 18 important trading partners, and we are moving forward in all deliberate speed with those.

Ms. VELÁZQUEZ. Okay. Do you consider these negotiations advanced negotiations?

Secretary BESSENT. Some of them are quite advanced.

Ms. VELÁZQUEZ. So you expect this deal to be more than memorandums of understanding? You expect them to be fully negotiated trade deals?

Secretary BESSENT. I via believe that they will be the agreements in principle, and then we will paper them over in the coming months. Once we reach an agreement, then I am sure that the other countries will live up to them.

Ms. VELÁZQUEZ. Okay. In congressional testimony yesterday, you said the United States has not started negotiating with China on tariff reductions. Does that continue to be your position, yes or no?

Secretary BESSENT. As you may have read——

Ms. VELÁZQUEZ. Yes or no, sir.

Secretary BESSENT [continuing]. as you may have read in the press, I will be going to Switzerland, and the negotiations will begin on Saturday.

Ms. VELÁZQUEZ. Okay. So the President told you that would be your answer today?

Secretary BESSENT. I——

Ms. VELÁZQUEZ. Can you tell who from the Trump Administration is engaged in those discussions?

Secretary BESSENT. Which discussions?

Ms. VELÁZQUEZ. With China.

Secretary BESSENT. For trade discussions?

Ms. VELÁZQUEZ. Pardon?

Secretary BESSENT. I'm sorry.

Ms. VELÁZQUEZ. Trade discussions, yes, sir.

Secretary BESSENT. The trade negotiations will be led by myself and Ambassador Jamieson Greer of the United States Trade Representative (USTR).

Ms. VELÁZQUEZ. What about Pete Navarro?

Secretary BESSENT. I'm sorry?

Ms. VELÁZQUEZ. Peter Navarro. Is he——

Secretary BESSENT. He will not be joining us in June.

Ms. VELÁZQUEZ. Thank God for that. Are those negotiations considered advanced?

Secretary BESSENT. Pardon?

Ms. VELÁZQUEZ. Are those negotiations considered advanced?

Secretary BESSENT. As I said on Saturday, we will begin, which I believe is the opposite of advanced.

Ms. VELÁZQUEZ. Secretary Bessent, as Treasury Secretary and a senior member of President Trump's assistant economic team, has President Trump given you the authority to finalize any trade agreement with China or any other trading partner?

Secretary BESSENT. As President Trump has stated, he will have the final decision on any trade agreement.

Ms. VELÁZQUEZ. So you are telling me of these increased prices, the stock market losses, the production delays are all based on the wings of Donald Trump; that you could strike the best deal with Canada, Mexico, or even China that is completely in our favor, giving us everything that——

Chairman HILL. The gentlewoman's time has expired.

Ms. VELÁZQUEZ. Especially if President Trump decides at any certain moment——

Chairman HILL. The gentlewoman's time has expired.

Ms. VELÁZQUEZ [continuing]. for whatever reason not to take the deal, that will be it. I yield back.

Chairman HILL. The gentleman from Oklahoma, Mr. Lucas, who is the Chair of our task force on monetary policy is recognized for 5 minutes.

Mr. LUCAS. Thank you, Mr. Chairman. As the dust has continued to settle after last month's episode of Treasury market volatility, can you give an updated assessment of those events and how would you characterize the functioning of the market during that period? The dust up in Treasury.

Secretary BESSENT. The market was very well-functioning. It was volatile, but the underlying infrastructure worked quite smoothly, sir.

Mr. LUCAS. Does the Treasury Department have the tools necessary to address market volatility? You have said you may increase the use of the buyback program. Are these or other authorities that—are there other authorities that might be helpful to address the challenges of the market?

Secretary BESSENT. Yes, sir. We have a very large toolkit that we can deploy as does the Federal Reserve.

Mr. LUCAS. Taking a step back, Mr. Secretary. Can you provide us with a sense of what regulations the administration is working on to bolster resilience in the Treasury market and the timelines when you would expect those changes to be announced? This is a core issue on the task force I and a number of my colleagues are working on.

Secretary BESSENT. Sir, the auction sizes, the current issuance sizes leave us well positioned to address potential changes in borrowing needs. I can tell you that investor participation in auctions, there has been broad investor support. Our awaited average maturity is about 61.2 months, which is quite wholesome. We have implemented a buyback program with two objectives—liquidity support and cash management.

Mr. LUCAS. One last question along that line. I have long said that the administration should look at reforming regulations like the supplemental leverage ratio to relieve some of the constraints that market participants are facing in Treasury market. I hope you will consider looking at that.

Secretary BESSENT. Sir, Treasury does not look at that, but I believe that it is a high priority for the re-regulators, the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC), and the Federal Reserve.

Mr. LUCAS. Thank you. As the Securities Exchange Commission (SEC) continues to implement their clearing rule, a number of firms, including those outside the United States are looking to provide clearing services for U.S. Treasuries and their derivatives.

How are you working with the SEC and the Commodities Futures Trading Commission (CFTC) to ensure the integrity of the Treasury markets as these firms look to intermediate?

Secretary BESSENT. Sir, the Treasury market is a global market, and we welcome new participants, and we want to make sure that best practices employed in the United States are also employed globally.

Mr. LUCAS. The reason I ask that is if you could specifically comment on the clearing of U.S. sovereign debt outside of the United States, what risk could that potentially present? I come at that from the perspective if there is a challenge in the market, if it is a U.S.-based entity, then the regulators who would make the difficult decisions are here. If it is outside of the United States, they might have a different perspective.

Secretary BESSENT. We are constantly studying that, sir. As of now, we do not believe that it presents a risk. I will—as we continue our studies, I will have my staff interact with your team.

Mr. LUCAS. Absolutely, Mr. Secretary. One final question. Primary dealerships have become an expensive proposition for firms, which in one explanation for participants leaving the market. It is one of the many explanations. Should we be looking at ways to make the environment friendlier to investors wanting to become primary dealers?

Secretary BESSENT. Sir, we have saw at the recent auction very low participation by the primary dealers, which tells me that there may be the regulatory function there that is preventing them from using their balance sheet for the benefit of the U.S. Treasury.

Mr. LUCAS. So clearly the task force that Chairman Hill was kind enough to set up and yourself, we have work to do. Thank you, Mr. Secretary.

Mr. HUIZENGA. Would you yield.

Mr. LUCAS. I will yield to the gentleman from Michigan.

Mr. HUIZENGA. Thank you and I can get my China question in. **I appreciate my colleague doing that. I want to talk a little bit about the international financial institutions, the FEE, such as IMF World Bank, and they are falling short of addressing key challenges. So China, whether it is in Africa or Burma has really engaged in a debt trap diplomacy. How should the IMF really help borrowers take the fund's advice when it keeps giving China a free pass?

Secretary BESSENT. Congressman, as I said, in a public interview after one of my IMF speeches, it is time for China to graduate from developing country status. It is the second largest economy in the world. They are a large important economy, and they should no longer be granted the status of a developing economy.

Chairman HILL. I would like to invite you, Mr. Secretary, to continue that answer in writing. I thank the Vice Chairman and Mr. Lucas.

Let me call on the gentleman from California, the Ranking Member for our Capital Market Subcommittee, Mr. Sherman.

Mr. SHERMAN. First, a parliamentary inquiry since the last speaker had an extra 30 seconds. Can I have an extra 30 seconds?

Chairman HILL. I would be happy to do that.

Mr. SHERMAN. Mr. Chairman, I agree with you that special drawing rights should be increased to only with congressional input and I agree with Mr. Huizenga that we have focus on Burma Myanmar.

I ask unanimous consent to put in the record a chart showing how the value of the dollar compared to other currencies has declined precipitously since Trump's so-called liberation date; and also put into the record a CBO report issued just an hour ago that shows that Republican proposals to change Medicaid would in one case take one and a half million people would lose their Medicaid benefits, and in another proposal would cost 3.9 American or Medicaid benefits.

Chairman HILL. Without objection.

[The information referred to was not submitted prior to printing.]

Mr. SHERMAN. I also ask unanimous consent to put in the record a letter I sent to the Secretary responded to by his assistant secretary, dealing with direct file, which means you do not have to pay Turbo Tax because the IRS has the software. The response that I got, an absurd response was basically, well, as long as—you know, we just want to make sure Turbo Tax makes a lot of money. So we are not going to do that.

I would point out that the IRS could send every American for their voluntary use a proposed first draft of the tax returns since you already have the W-2, you already have the 1099, and you do not have all the input errors that come for people doing their own returns. That is something that your administration is stopping. I would ask you—

Chairman HILL. Without objection.

[The information referred to was not submitted prior to printing.]

Mr. SHERMAN. Yes, I would ask you, Mr. Secretary, to provide for the record within 1 week your best estimate of when the United States will hit the debt ceiling and exhaust our borrowing capacity. Can I count on you to provide that for the record?

[The information referred to was not submitted prior to printing.]

Secretary BESSENT. Sir, the so-called X date is a moving target.

Mr. SHERMAN. I would like your best shot.

Secretary BESSENT. As I stated yesterday, we are moving on to the warning track, and we do not want to be on the warning track——

Mr. SHERMAN. I would ask you to provide—to Congress the best information you can, but I am going to go on to another question.

I represent one of the two areas devastated by the Los Angeles fires. I spoke directly and on camera to President Trump and asked him to exempt building materials from these tariffs. The National Association of Home Builders says that these tariffs will add \$11,000 to the cost of these fire victims rebuilding their homes.

Can you assure us that in a country where we have a devastating housing shortage in general, where we have thousands of people in Los Angeles that have to rebuild their homes in particular, that these fire victims are not going to face this additional cost to rebuild their home?

Secretary BESSENT. I will look into the end of that matter and——

Mr. SHERMAN. That is exactly what the President said in January.

Secretary BESSENT. I was in Los Angeles this weekend, and I toured the devastation. And——

Mr. SHERMAN. Thank you. I hope you saw the devastation in the Palisades, and I hope you will not be imposing another \$11,000 cost on every home builder.

Now as to capital markets where I devote most of my time, all of us on the subcommittee agree that we are trying to get people to invest in American stocks and build the American economy. In fact, our tax code has hundreds of billions of dollars of incentives to get people to invest in America. China also has incentives to get the Chinese people to invest in Chinese stocks. There is a difference.

China only provides those incentives if you—to Chinese people if they invest in Chinese stocks. American billionaires like investing in China, making tens and hundreds of millions of dollars in profit.

Can you think of a reason why the American Tax Code should provide enormous tax benefits like the capital gains allowance to American billionaires who invest in Chinese stocks? Why is that in our national interest?

Secretary BESSENT. Sir, it is not just available to billionaires. If you were to buy a——

Mr. SHERMAN. Right. Why do we not want to——

Secretary BESSENT. A Chinese Exchanged Traded Fund (ETF), a——

Mr. SHERMAN. Why would we be neutral on whether I buy an American ETF or a China ETF? Do we not prefer American capital

be invested in America or are we just fine with encouraging Americans to invest abroad.

Secretary BESSENT. Sir, we do not want to close the capital account, and we do want to investors to be able to maximize their judgment where they certainly—

Mr. SHERMAN. Let me go on to one more thing.

Secretary BESSENT. I have said I would not bet against the United States, but—

Mr. SHERMAN. Please, next question. Next question. Abu Dhabi and the United Arab Emirates just announced that they were going to give \$2 billion to a stable coin put forward by World Liberty Financial. This stable coin pays no interest. You and I are both finance people. I just want to check my math.

Assuming a 4 percent rate of return, is this interest-free loan of \$2 billion worth \$80 million every year to World Liberty Financial and its Trump owners?

Secretary BESSENT. Sir, I have not seen that. I do not know the expense ratio. As far as I know, no stable coins pay interest.

Mr. SHERMAN. So The New York Times is wrong. Please read the article. I yield back.

Chairman HILL. The gentleman yields back.

The gentleman from Texas, Mr. Sessions, is recognized for 5 minutes.

Mr. SESSIONS. Mr. Chairman, thank you very much. Secretary, welcome. We are delighted that you are here. Part of the challenge against you this morning—and I am sure some days—is the explanation of the tariff matter that President Trump has initiated and sticking by. I would like to go by just my input on that if I could. That I think that President Trump sees the relationship with China by what it really is, and that is an unfair relationship. One in which needs to be not only looked at, but really something done about it.

I know that while we have permanent normal trade relations (PNTR), it should mean that we treat them same way they treat us, but that is not happening. President Trump, as part of these changes, has changed the de minimis rule. That de minimis rule was the amount of money that a package when it comes into our country, under this circumstance, whether it was looked at or not, whether a tariff was paid upon it, then I believe that there were Chinese companies taking advantage of that. Some 4 million packages a day were coming to the United States, and I say we are coming because I do not believe that rate is still occurring.

As a result of that, what happened is it contributed to the Fentanyl issue that we had. Because we did not look at these packages with the same viewpoint that others did.

My point in bringing this up is that I believe that with the new numbers of 177,000 net new American jobs being created in the private sector, that there is an understanding by people who want to invest in America, that this President is finally taking on the Chinese who undermined not just intellectual property but undermined with their government, the Chinese Government, undercutting the price and manufacture of many products that were American-made. Many of them or some of them might be power tools. Of course, we know Craftsman is an American-made product. It is

not uncommon and was not uncommon for their tools brought on the internet at \$400 or \$500 and for a Chinese product to be brought for \$40 or \$50. That undermined not just our intellectual property, but actually undermined the manufacturing that takes place in this country. I am delighted that you and the President are engaged in balancing that out. I think that is what these 177,000 new American jobs net provided for us because it is people who want to invest in the United States knowing that finally we have a President that will protect that onslaught of Chinese goods undercutting American, not just jobs in intellectual property, but the events that take place therein.

I think this President has done a great job and I want to offer my support for that. Because I think that part of what the President has done is set a new challenge and mark for Americans now to pick up that part that was before challenged by China.

Mr. Secretary, Russia still earns over \$700 million a day in fossil fuel revenue that helps its war against Ukraine, and I think that most of us here would like to see Russia held accountable.

Can you talk to me about sanction or sanctions that are or are being considered against Russia energy firms as it relates to selling their products to China?

Secretary BESSENT. Yes, sir. I will tell you that the Biden Administration exercised with regards to Russia and Ukraine support a big dichotomy. On one hand, they were giving aid to government of Ukraine. On the other hand, their sanctions against the Russian federation were very, very weak against—the sanctions were just against some of the lower-level oil companies. There was a price cap that has never worked.

On his way out the door and in a fit of the bravery, the National Security Advisor Jake Sullivan raised the sanctions because the Biden Administration had been worried about upsetting the oil price, pushing up oil prices during an election year.

The Trump Administration through our energy abundance and signaling to the energy markets, crude oil is down about 20 percent thus far this year. I read with great interest this morning that Russian generation revenues were down 12 percent last month which will put a dent in the Russian war machine, sir.

Mr. SESSIONS. Mr. Secretary, I hope you will find today as valuable for us and yourself. I hope you will know that we——

Chairman HILL. The gentleman from——

Mr. SESSIONS. Thank you, Mr. Chairman. I yield back my time.

Chairman HILL. The gentleman from New York, Mr. Meeks, is recognized for 5 minutes.

Mr. MEEKS. Thank you, Mr. Chairman.

Mr. Bessent, let me—and I am just a plain, simple man, the average everyday American looking at this hearing today. Can you tell me first does trade deficits constitute a national emergency?

Secretary BESSENT. The hollowing out of U.S. manufacturing——

Mr. MEEKS. No, just yes or no.

Secretary BESSENT. The national emergency, sir.

Mr. MEEKS. It does. You are telling me the trade deficits equals a national create——

Secretary BESSENT. Persistent and prolonged, yes, sir.

Mr. MEEKS. Do you not know also, sir, that for the last 4 decades we have had trade deficits in the United States of America, and nobody said it was an emergency? Democratic and Republican Presidents? You know what that says to me? That is not an emergency because it has not been for 4 decades. It says to me that we should bring tariffs back to the U.S. Congress so that we can make that determination as the Constitution has said and not try to go around Congress. That's just unbelievable to me.

Let me ask this question. Maybe I missed it. Who was the President, or who has been the President since January 20, 2025.

Secretary BESSENT. Donald J. Trump.

Mr. MEEKS. Okay, who was the President in 2024?

Secretary BESSENT. One believes President Biden.

Mr. MEEKS. One believes? Are you one of those nonbelievers that the election—the American people did not vote?

Secretary BESSENT. I—I I am not.

Mr. MEEKS. You are not? You said “one believes?”

Do you believe in the Constitution of the United States, Mr.—

Secretary BESSENT. I believe in the Constitution of the United States.

Mr. MEEKS. So you believe in it? Without any second thought, you do not have to think about it, you believe in it, and you would abide by it? Is that correct?

Secretary BESSENT. I have, and I do, sir.

Mr. MEEKS. Okay. Do you know that a President has said he may or may not; he does not know?

Let me ask this question. I could not believe my ears, Sunday during NBC'S Meet the Press, President Trump credited himself for the strong economy in 2024 when Joe Biden was President, but then he blamed President Biden for a weak economy in 2025 when he was President.

Now, I am not so sure how the American people put that together. In 2024, strong economy, he tried to take the credit. In 2025 when he is the President, he blames Joe Biden. That does not make sense to me. I do not think it makes sense to most Americans, and I hope, Mr. Secretary, you are a businessman, it does not make sense to you either. It cannot possibly make sense to you.

**Let me ask this question. If a government, say, look, Argentina—I remember when I came here—Argentina kept failing to pay its debt, not once or twice or three times, and we were all upset about it. We knew that they needed a host; somebody to take over their government. Somebody should have helped the President of Argentina.

If the United States or did not pay its debt or something we would be very upset about that if we could not pay our debt. I mean, that is one of our focuses. Is that not correct?

Secretary BESSENT. Sir, the United States will always meet its debt obligations.

Mr. MEEKS. Always. Let me ask you this. Donald Trump, the dealmaker—and you did not answer Ms. Velázquez' questions—no deal. I thought you said 3 weeks ago that there would be deals but Donald Trump, not once, not twice, not three times, not four times, not five times, but six times failed to pay his debts on his business

and went bankrupt, and you are going to call that a good businessman.

Chairman HILL. The gentleman's time has expired.

Mr. MEEKS. I would not invest in that economy—

Chairman HILL. The gentleman's time has expired.

Chairman HILL. The gentlewoman from Missouri,

Mrs. Wagner, the Chair of our Subcommittee Capital Markets, is recognized for 5 minutes.

Mrs. WAGNER. I thank you, Mr. Chairman. I will try to keep my tone down and I thank Secretary Bessent for your testimony. I, sir, am going to try to stick to the actual title of this hearing and why we are supposed to be here today, which is the state of the international financial system.

Here we go. Mr. Secretary, under the Biden Administration, Congress required treasury to determine whether any Chinese financial institutions were engaged in oil purchases from Iran, no matter how small or how large the transaction. This determination would subject these Chinese entities to secondary sanctions, sir. Just last week the President himself ordered such sanctions for any purchase of Iranian oil, which helps, obviously, the Ayatollah finance terrorism around the world.

Mr. Secretary, can you describe how—well, I think we all know how Iran uses oil sales to fund it is proxies, including Hamas, Hezbollah, the Houthis in Yemen, to the extent there is any Yemen left, Treasury is now over half a year late with its statutory determination on Chinese buyers of Iranian oil.

I have three questions, sir, related to missing this deadline. The first is, why has it not been submitted to Congress, had the previous administration done anything to prepare this determination, and third, when can Congress expect to receive it?

Secretary BESSENT. To all three of those I will have my staff get back to you on that. Representative Wagner, what I will tell you is that since I have become Treasury Secretary, the Treasury has repeatedly sanctioned so-called Chinese's teapot refiners who are very large buyers of Iranian oil. These are independent refiners away from the State-owned enterprise—enterprises. We have begun that program over the past few weeks, and we will continue as needed.

Mrs. WAGNER. Good. I know that you are in negotiations with, I will say, that 18th country, which is China. We are thrilled to hear of your trip there, and I hope that this is something that you will discuss with them in terms of their purchasing of Iranian oil that does nothing but lift up a regime that is funding terrorism throughout our world, I will say.

What actions has Treasury taken to combat cooperation between Iran and China on illicit finance and money laundering?

Secretary BESSENT. Again, the secondary sanctions on these teapot refiners have been a very fulsome effort, and we will continue that. When President Trump left office, Iranian oil exports were between 100-and 300,000 barrels per day. Now they are 1.6 million barrels per day, which allows the regime to finance its terror proxies, not just in the Middle East, but all around the world.

Mrs. WAGNER. Correct. Yes, we have seen it and we have lived it. It has caused unbelievable death, devastation and grief and re-

sources and loss of life throughout our world. I am proud that the President himself endorsed sanctions just last week for any purchase, any purchase, not just from China, of Iranian oil. I hope that these—we can get a report on what has been happening with China.

Switching gears. In February several members of this committee and the Senate, including myself, and the Chairman, and the Senate Banking Committee, sent you a letter voicing concerns about the European Union's corporate sustainability due diligence directive, or CSDDD. This directive, which was finalized by the EU last year, will require many American companies to evaluate their supply chains and end certain business activities not based on U.S. law, but do U.N. principles.

This directive not only hurts our economic competitiveness, but also undermines our jurisdictional sovereignty, sir. It would force both public and private companies to comply with regulations that have not been approved by Congress, while also exposing them to increased litigation and risk in the European Union (EU).

I am running out of time, Mr. Chairman, but this is something I feel very strongly about. It is in with the international realm here, and I have two questions regarding this.

Chairman HILL. The gentlewoman's time has expired.

Mrs. WAGNER. That I will submit for the record. Thank you.

Chairman HILL. They will be submitted for the record. I recognize Mr. Scott, the gentleman from Georgia, for 5 minutes.

Mr. SCOTT. Thank you, Chairman. Secretary Bessent, let me ask you this: Do you agree that the FDIC plays a very essential role in safeguarding our depositors, insuring prudent bank supervisors and maintaining the safety and soundness of our financial system?

Secretary BESSENT. Congressman, I agree that a well-functioning FDIC is essential to the U.S. financial system.

Mr. SCOTT. On Monday, you said this, and I quote, you said this, that the President tasks you with helping him choose the leader of the financial regulators so that we are all in line, all regulators to be safe, sound and smart, and you went on to list the key positions that you have done that, including a new Vice Chairman for Supervision of the Federal Reserve (Fed), a new head of the OCC, and Paul Atkins of the Securities and Exchange Commission, and a new CFTC Commission. As of this morning we have no FDIC Chairman full-time. It is now under temporary leadership of an acting Chair named Travis Hill with the President having no current plans to either formally nominate him or find a replacement. The Nation is watching us, why we do not have the head of the FDIC. My question is, have you not helped President Trump in selecting a Chairman to lead the FDIC?

Secretary BESSENT. Congressman, I would point out that under the previous administration, there was only an acting Chair of the OCC for 5 years. 5 years. Mr. Hill is the acting, and as a matter of fact, the head of the OCC, the head of the CFTC has not been confirmed, so those are, in fact, acting also. Mr. Hill is a very capable regulator, having been on the board of the FDIC—

Mr. SCOTT. Yes, I am not—you are filibustering here.

Secretary BESSENT. We are pursuing—

Mr. SCOTT. I am not questioning that.

Secretary BESSENT. With all deliberate speed.

Mr. SCOTT. Have you been instructed by President Trump to refrain from offering a list of viable candidates to lead the FDIC?

Secretary BESSENT. No, sir. I am constantly reviewing the list and thinking about who is best to lead that important institution.

Mr. SCOTT. I want you to know that I wrote a letter to the Trump Administration—here it is—expressing grave concern with the erosion of financial regulatory agency independence. Mr. Chairman, I would like to submit this for the record.

Chairman HILL. Without objection.

[The information referred to was not submitted prior to printing.]

Mr. SCOTT. We remain highly alarmed by this growing perception that our financial regulators have acquiesced to political pressure from this administration. Perhaps even from the President of the United States. If I were President, I would not have this vacancy at a time when we are running tariffs all over the country, when our economy is in these kinds of difficulties. The Nation is watching us. Russia is operating us as the President is going around the country dealing with upsetting Canada, places around the world. I just want to know where are we going? When are we going to have a Chairman? Are we going to have it? Answer me truthfully, has President Trump asked you to delay this appointment, and if so, why?

Secretary BESSENT. Sir, that statement is incorrect. He has not asked me to delay that appointment. I believe that your question is when are we going to have an FDIC nominee, and we have OCC nominees, we have a CFTC nominee, we have a Vice-Chair—

Chairman HILL. The gentleman's time has expired.

Mr. SCOTT. Mr. Chairman—

Secretary BESSENT. I would ask you to urge your Senate colleagues to, on the Democratic side, to vote for them.

Mr. SCOTT. When is he going to do it?

Chairman HILL. Mr. Scott, your time is expired. Excellent discussion.

Mr. SCOTT. Thank you.

Chairman HILL. I recognize the distinguished Chair of our Financial Institution Subcommittee, Mr. Barr of Kentucky, for 5 minutes.

Mr. BARR. Secretary Bessent, thank you and President Trump for in February issuing the national security memorandum entitled, "America First Investment Policy," directing Federal agencies to address outbound investments in China.

In March, as you know, Senator Cornyn and I reintroduced my bill to restrict outbound investment into China, specifically into Chinese military industrial complex entities primarily through OFAC sanctions. Tell me, Mr. Secretary, what do you think about that legislation and the context of the President's national security memorandum?

Secretary BESSENT. Congressman, I want to thank you for your leadership on this matter. My team and I appreciate your input and molding this important issue. One of the most important financial issues of our time. It is a new national security tool that we restrict the PRC from exploiting the benefits, and we appreciate that Congress wants to move forward with legislation that is important and helpful, and we would like a bit more time for our

process, including the work mandated by the President, to inform the legislation so that it is durable because of the importance of this.

Mr. BARR. Thank you, and I look forward to working with you and the President to align our legislation with the President's policy on this. I want to give you and President Trump another tool of economic statecraft to increase President Trump's leverage in his negotiations with General Secretary Xi. This is a very important issue. As you probably noticed, there was recently a \$75 million venture investment into a Chinese artificial intelligence firm, Manus. Is Manus AI on the Chinese Military-Industrial Complex Companies (CMIC) Treasury entity list?

Secretary BESSENT. I will have my staff get back to you on that, sir

Mr. BARR. I think the answer is no, and that is why we need this legislation so that our outbound restrictions look not just at entities, but also technologies of national security concern, like militarized artificial intelligence that this entity Manus AI is doing.

I would also note that the waiver authority that I embed in this legislation with Senator Cornyn would give you, as Treasury Secretary, the ability to authorize BlackRock or other United States firms to invest in Panama to displace the Chinese. Thank you for your collaboration with us on that.

Secretary, you said that with President Trump we are going to re-privatize the American economy. That is music to my ears. That is music to the American people's ears.

When Federal bank regulators are talking about reproposing the Basel III Endgame proposal, they have been saying now for a long time we should do it in a capital neutral way abandoning former Vice Chair Barr's approach of a huge gold plating of bank capital.

Since the Federal Reserve started to use the term, "capital neutrality" in 2019, however, capital has increased by 10 to 20 percent making the concept of capital neutrality really arbitrary. Large banks are now subject to stress tests, Comprehensive Capital Analysis and Review (CCAR), Global Systemically Important Bank (GSIB) surcharge, and a number of liquidity and resolution requirements.

When looking at our bank capital regulations in the context of an America-first agenda, Mr. Secretary, should we be aiming for capital neutrality or should we be instead looking at capital levels that actually promote American competitiveness?

Secretary BESSENT. Congressman, as you know, I have been very concerned about our community banks, our small banks, our small regional banks, and the growth of private credit outside the regulated system tells me that the—many of the regulations may be too tight, and that the business is pulled into the so-called shadow market. I think we want to safely and soundly expand the regulated financial system and get them on equal footing, and I think that these capital levels that are predictable are very important for that.

Mr. BARR. Last question about China investment in Venezuela. Last week, Venezuelan's Vice President Rodriguez asked Chinese officials to increase oil purchases as the country is feeling the squeeze on its energy sales.

Tell me what you think about the Office of Foreign Assets Control (OFAC) licenses for United States companies operating in Venezuela when those American firms could displace China to enhance American energy dominance.

Secretary BESSENT. It is a very acute balancing act there between displacing China, but United States entities providing hard currency for the Maduro regime, and we are constantly——

Chairman HILL. The gentleman's time has expired.

Mr. BARR. I look forward to working with you on that issue. I yield back.

Chairman HILL. I recognize the distinguished gentleman from Massachusetts, our Ranking Member of the Digital Assets Financial Technology and Artificial Intelligence Subcommittee, Mr. Lynch, for 5 minutes.

Mr. LYNCH. Thank you, Mr. Chairman. Mr. Secretary, thank you for coming before this committee and helping us with our work.

Mr. Secretary, between March 11th and March 15th, 2025, you and more than a dozen senior officials, including—of the Trump Administration, including Secretary Hegseth, Director of National Intelligence, Tulsi Gabbard, National Security Advisor, Mike Walsh, used a commercially available, non-governmental encrypted, non-secure app to discuss and coordinate imminent United States military strikes in Yemen in a group chat entitled, "Houthis PC small group."

Particularly, Defense Secretary Hegseth shared actionable intelligence, including sensitive and classified details of an imminent military operation against Houthis rebels and other military plans. These included precise launch times for U.S. jet fighter assets, targeting locations for those Houthis rebels who were, by the way, equipped with anti-aircraft systems. Mr. Hegseth shared the targeting sequencing against Houthis rebels and described the weapon systems, the U.S. weapons systems involved. National Security Council has confirmed that this chat, Signal chat was authentic and that you had participated.

You realize that for you, Mr. Secretary, because of the responsibilities you have, even outside the principles committee, that group, you have a target on your back from our adversaries, China, North Korea, Russia and others. Can I ask you, have you been briefed on the proper protocols for discussing information such as active military plans?

Secretary BESSENT. I have by my general counsel.

Mr. LYNCH. Very good.

Secretary BESSENT. If you will look——

Mr. LYNCH. I have a bunch of questions, so I am just trying to narrow this down because this is really, really a concern. Just reclaiming my time, so let me ask you.

Secretary BESSENT. That chat was in my chief of staff's name, which is widely available.

Mr. LYNCH. Sir, let me ask the questions and you provide the answers. Okay. How about that.

Secretary BESSENT. Waiting for the question.

Mr. LYNCH. Are you preserving records, Mr. Secretary, of these communications as required by the Public Records Act?

Secretary BESSENT. Yes, sir.

Mr. LYNCH. Good. Okay.

Secretary BESSENT. My general counsel has photographs.

Mr. LYNCH. Are you still discussing sensitive military intelligence on a nonsecure line?

Secretary BESSENT. I have never done that.

Mr. LYNCH. Okay. The National Security Council says you were on a chat that discussed those details. Are you saying that was not the case?

Secretary BESSENT. I have said that I never discussed them.

Mr. LYNCH. Someone discussed it with you. You were on that—you were on a nonsecure line for a meeting with other secretaries, right? Those people I just mentioned, you were not on that chat?

Secretary BESSENT. I was, but you—

Mr. LYNCH. Okay. That is what I am talking about. You could have, you could have intervened, you could have brought it up, you could have said this is an insecure line, we should not be doing this, we are putting our sons and daughters in uniform at risk, pre-attack, you could have done all of that.

Mr. Hegseth, this is not involving you, but Mr. Hegseth afterwards did the same thing with a family chat, his wife, his brother, his sister, family attorney. You do understand the troublesome nature of that, right? Are you dismissing that and calling this a roaring success as others have done? As the White House has done?

This is troubling, and I just want the reassurances for this committee, and for other Members of Congress, other committees, and for most importantly, for the families of Americans who send their sons and daughters into harm's way, they put on that uniform, I just want the reassurances that we are not doing—you know, this buffoonery has to stop, right, at some point. There are serious consequences to not complying with security protocols.

Mr. Secretary, you are a smart guy. You are a smart guy. You did not create this situation. You were drawn into it. I am just trying to reassure the committee that this stuff is not happening anymore.

Chairman HILL. Gentleman's time has expired.

Mr. LYNCH. Allow the gentleman to answer? It would be a yes or no.

Chairman HILL. I think the gentleman's time has expired.

Secretary BESSENT. Congressman, I am happy to say that because of my age, I pick up the phone and call people.

Mr. LYNCH. There you go.

Chairman HILL. The gentleman's time has expired. The gentleman from Georgia, the Vice-Chairman of our Financial Institution Subcommittee, Mr. Loudermilk, recognized for 5 minutes.

Mr. LOUDERMILK. Thank you, Mr. Chairman. Secretary, thank you for being here. I think you and I are both aware of the paradox of the U.S. Reserve currency status. The so-called Triffin Dilemma says that to maintain the benefits of the global reserve currency status, we may always run a concurrent account deficit, which, in turn, risks undermining global confidence in the dollar.

The U.S. enjoys an exorbitant privilege from the dollar's reserve status. This means that among other benefits there is a high demand for dollar dominated assets worldwide, substantially lowering

borrowing costs. It also allows us to run sustained trade deficits and drives capital investment into the United States.

My first question is, how is our current reserve status different from what it was under the Bretton Woods system when the dollar was convertible to a fixed amount of gold rather than floating?

Secretary BESSENT. Sir, it is now based on the full faith and credit of the United States rather than backed by gold.

Mr. LOUDERMILK. Okay. Does the demand for dollars and the U.S. debt worldwide, and the reduced borrowing cost that come with it, contribute in a meaningful way to some of our failings as fiscal stewards?

Secretary BESSENT. I would say that the unfettered ability to borrow has made us more prolific as there is very little potential for market discipline to date. There is the potential that the market may discipline U.S. Government 1 day, and I am, along with the administration, President Trump, trying to set the country on a path to avoid that.

Mr. LOUDERMILK. We appreciate that. I have long said that I do not feel that there is the political will within Congress anymore to restrict spending and balance the budget, and so I appreciate the work that you are doing there.

Is there a world where we can have our cake and eat it too? In other words, is there a policy configuration where the U.S. can maintain the best elements of its exorbitant privilege while also having a balanced export economy?

Secretary BESSENT. Yes, sir, there is. I would point out that the exorbitant privilege, as I believe it was a French politician called it, does not always result in the lowest interest rates. Japan's interest rates are lower than ours. China's interest rates are lower than ours. Most of the EU interest rates are lower than ours.

Mr. LOUDERMILK. Okay. I want to shift gears just slightly. For several years, I have called for Financial Crimes Enforcement Network (FinCen) to raise the threshold for currency transaction reports from \$10,000 to some higher value. Working on legislation has been for the last several years, and I do have legislation again this year on that.

If adjusted for inflation from the 1970s, this threshold would be somewhere between \$74,000 and \$80,000, but we have not. We are still stuck at that \$10,000 limit.

In your opinion, what threshold value best balances privacy and compliance costs against the utility that these reports have for law enforcement?

Secretary BESSENT. Congressman, I am not sure what the equilibrium level is. What we have discovered—so you were talking about the threshold for a suspicious activity report.

Mr. LOUDERMILK. Or the concerns—currency transaction report.

Secretary BESSENT. We are now examining that, and we are finding that sometimes higher is better; sometimes lower is better. We have discovered that there are approximately 40 counties on the United States Mexico border that account for a substantial amount of nefarious behavior by the cartels, so we have lowered that to \$200, and we are finding great efficacy there in pushing the cartels back into Mexico and not allowing them to deal in the United States. I would say, sir, it is a moving target.

Mr. LOUDERMILK. Okay. I can understand and appreciate that. One of the issues that we have from a nationwide status is the compliance cost that goes to small financial institutions, and even from law enforcement, the complaint is trying to find the list of financing currently is like looking for a needle in the haystack because of the pure volume of reports that are being made. My argument has been from—in a nationwide status, and I am sure we can work on something to make exemptions during times like you are talking about now and locations, but it is not to increase the size of the haystack, but reduce the haystack so it becomes more prevalent, the illicit financing.

Secretary BESSENT. Look, Congressman, I am hypersensitive to the needs of the small community banks and the undue burden that much compliance is placing on them, and we are working across a variety of ways to lower the costs.

Mr. LOUDERMILK. I look forward to working with you on these things.

Mr. STEIL [presiding]. The gentleman yields back. The Ranking Member on the Oversight Investigations Subcommittee, the gentleman from Texas, Mr. Green, is recognized.

Mr. GREEN. Thank you, Mr. Chairman. I thank the Ranking Member, and I thank the witness for appearing.

Mr. Treasurer, when you testified before the Senate, you indicated that the CDFI fund is a very important program. It is very important to us. Is this correct?

Secretary BESSENT. I did, sir.

Mr. GREEN. Is it true that you would not agree that it is a woke program, has cultural Marxism associated with it, and that it is—that it is abused. You would not agree with that, would you?

Secretary BESSENT. Sir, I think the CDFI fund is performing its statutory functions as required.

Mr. GREEN. So you would not agree, then, that it is woke. Is its statutory function to be woke?

Secretary BESSENT. I have never seen that in the statute, sir.

Mr. GREEN. What about Marxism, is that associated with it in the statute?

Secretary BESSENT. Again, sir, I have never seen that.

Mr. GREEN. Now, given that the President desires to cut into this program, you are the Secretary of the Treasury, what are you going to do about it to protect it?

Secretary BESSENT. Sir, the skinny budget does propose a new \$100 million award program that would provide access to affordable financing.

Mr. GREEN. Does that, does that take care of the many billions that we put in, \$12 billion to support the CDFI, that is a lot—quite a distance from the \$12 billion, sir. What are you going to do about it?

Secretary BESSENT. Look, I understand—

Mr. GREEN. Did you advise the President?

Secretary BESSENT. Sorry.

Mr. GREEN. Do you advise the President?

Secretary BESSENT. I advise the President on a wide range of matters.

Mr. GREEN. Is this considered a part of a wide range of matters? Would you advise the President that he should not cut these funds?

Secretary BESSENT. I look forward to working with you and the committee to ensure these programs operate efficiently for taxpayers.

Mr. GREEN. What about efficiently for taxpayers and efficiently as a result of them being in the place to do so? If you do not have the money, they cannot be efficient. They cannot serve taxpayers if they do not have the money. Sixty-one percent of these programs are in Republican districts.

Secretary BESSENT. Is there a question?

Mr. GREEN. Yes, it is a question in the sense that I am asking you to suggest to the President that this is important and that you not cut it.

Secretary BESSENT. So the skinny—as I said——

Mr. GREEN. A \$100 million is quite a distance from \$12 billion.

Secretary BESSENT. That is not the annual—\$12 billion is not the annual appropriations.

Mr. GREEN. No, but \$12 billion is what we, a bipartisan group of folks put into the CDFI, as well as into the minority depository institutions. We do not want to see that cut.

Let us go to another area. Do you agree that when a tariff is imposed upon a product that is coming into this country, that the tariff is collected at the border?

Secretary BESSENT. Yes, sir.

Mr. GREEN. Do you agree that money that is collected goes into the Treasury's coffer?

Secretary BESSENT. Yes, sir.

Mr. GREEN. Do you agree, also, that if the person that is importing this product is of the opinion that it is something that his clientele, his customers desire, that he will pay that tariff?

Secretary BESSENT. Yes, sir.

Mr. GREEN. Do you agree that when he pays that tariff, he is likely to pass it on to his customers, his consumers?

Secretary BESSENT. Sir, the laws of economics would say that there are very elasticity——

Mr. GREEN. I understand, but do you agree he is likely to do that? Do you agree that he does it sometimes? Do you agree that he does it sometimes?

Secretary BESSENT. Again——

Mr. GREEN. Do you agree that he ever—does he ever do it?

Secretary BESSENT. Sure.

Mr. GREEN. So your position is as the great treasurer you are, that this is not passed on to the taxpayers?

Secretary BESSENT. It could be——

Mr. GREEN [continuing]. and consumers. It could be? Is it ever? It is hard to say yes, is it not? It really is. Listen, sir, you do not have to—listen, do not fear—do not fear the President, sir. Is it ever passed on—have you ever heard of this tax money being collected and passed on to the consumer to pay? Have you ever heard of that?

Secretary BESSENT. The most recent studies from——

Mr. GREEN. Okay. Let us go on to this point. I have a better point to make. Excuse me. I am reclaiming my time. I have a bet-

ter point. Listen for just a second. I only have a little bit of time. When it goes into the coffers, that money is then going to be a part of the tax dollars that can be accorded to persons in terms of a tax cut. Is this true?

Secretary BESSENT. It is part of the overall——

Mr. GREEN. Yes, it is true, which means that the consumer, the person who pays that tax, that is tariff tax, when he makes that purchase, is going to put his money in your coffer, our coffer, and then the President later on can say you got a tax cut, but it is really the money that the consumer has put into your coffer. That is true. I yield back.

Mr. STEIL. The gentleman yields back. The gentleman from Ohio, the Chair of the National Security Illicit Finance and International Financial Institution Subcommittee, Mr. Davidson, is recognized for 5 minutes.

Mr. DAVIDSON. Thank you, Chairman. Mr. Secretary, I applaud your eloquent message at the Milken Institute clarifying the Trump Administration's coherent and effective strategy and thank you for helping lead that.

My committee on National Security Illicit Finance and International Finance Institutions aligns completely with your efforts on illicit finance on trade with the pending reauthorization of the Defense Production Act, the national interest with outbound investment of laws and clarity, and on focused international financial institutions. I remain highly concerned about the future of money, and frankly, probably the important policy debate we are having. I will save that part for future hearings.

On illicit finance, I applaud your FinCEN final interim rule removing beneficial ownership reporting requirements for U.S. companies and citizens.

The prior approach was collecting information on millions of Americans and companies, even homeowners' associations, under the guise of illicit finance. Lots of noise and very little signal. By narrowing the scope of the rule you are focusing on the signal.

Given the shift in focus, millions of Americans have shared sensitive personal identifiable information. Mr. Secretary, as the committee moves forward clarifying the rule, would you commit to supporting the deletion of data already collected under the previous rule?

Secretary BESSENT. Sir, my staff is working on what will happen to that data, and we will get back to you on that.

Mr. DAVIDSON. Appreciate it. We will work with you, and certainly hope you safeguard it always, but it would be especially safe if it was deleted.

Speaking of legislation, my bill, the Chinese Currency Accountability Act of 2025, it would require the Secretary, you in this case, to instruct the United States Governor of—the United States Executive Director at the IMF to use the voice and vote of the United States to oppose any increase in the weight of the Chinese research and development (R&D) in the basket of currencies used to determine the value of special drawing rights. This bill has passed the House on a bipartisan basis, most recently in February, and it still awaits Senate action.

Mr. Secretary, far more effective than while waiting for the Senate is your leadership on this issue. Will you advocate for opposing an increase in the R&D until China straightens itself out?

Secretary BESSENT. I look forward to working with Congress on this issue on whether additional legislation is needed to address the Chinese practices, or whether it could be done through trade negotiations.

Mr. DAVIDSON. I wish you great success in your pending negotiations. Certainly, if you look at the IFIs, things like Argentina's recent restructuring under the IMF, basically they built out the Belt and Road. They never really have to worry about the default at the Belt and Road. They are using their influence in the international financial institutions like the IMF and the World Bank to frankly cover risk at the Belt and Road. Hopefully that will be restructured.

You have already covered outbound, and I really appreciate the dialog on that. I would like to turn to the Defense Production Act. I mean, when you look at how you have organized and communicated the President's approach there, and the administration's approach, national security is, of course, paramount to that. As we organize and update and reauthorize the Defense Production Act, of course it deals with the Department of Defense, deals with Commerce, who does a lot of those things, but it has been structured under the authority of the Department of Treasury. Would you commit to working with our committee on national security and finance together the input and get a final reauthorization across the finish line this year?

Secretary BESSENT. I think it is an important piece of legislation. We look forward to working with you on that.

Mr. DAVIDSON. Thank you, Mr. Secretary. Last, you have spoken eloquently about the kind of mission creep that comes in through some of our international financial institutions. As you know, the IMF set up a climate fund in 2022 known as the Resilience and Sustainability Trust. Given concerns about IMF mission creep, will you work to eliminate RST so that the IMF can get back to its core mission?

Secretary BESSENT. Congressman, at my speech during IMF week, I stressed the need to get back to basics at all of the multilateral development banks, especially the IMF.

Mr. DAVIDSON. Yes. Thank you. I mean, the World Bank is spending a massive amount on that. As Chairman Hill and I met with the Inter-American Development Bank, they highlighted things that they were doing to deal with natural disasters, that are important for tourism for them, so some of this is characterizing things that are really infrastructure for those countries as climate change maybe to appease the previous administration. I am confident you will get it right. To the extent we can be helpful in that as we reauthorize these programs and we consider doing that.

I thank you for your clarity talking about American leadership there, so that American's interests are focused with the use of America's resources. Thank you for your steadfast work and your testimony today, and I yield back.

Mr. STEIL. The gentleman yields back. The gentleman from Illinois, the Ranking Member on the Financial Institution Subcommittee, Dr. Foster, is recognized for 5 minutes.

Mr. FOSTER. Thank you, Mr. Chairman, and Secretary Bessent, for your appearance here today, as well as your very nice courtesy call where we were able to identify areas of common interest, like the digital citizenship.

I would like to speak today about the strength of the U.S. dollar and the decline of U.S. manufacturing, which as you know, I am very concerned about. I started this company back when I was 19 years old that now provides over 1,500 manufacturing jobs in the Midwest and it has not been easy.

We lived—we started our company in the beginning of the Reagan inflation, then we had to live through all of the Bush policies and the China shock that occurred on his watch. We lived through just all the ups and downs of this, and it is not an easy thing.

Now, in terms of the strength of the dollar, it is affected by many things, and it is including central bank policies, interest rates, tariffs, and the balance of trade. In the long run, I believe that the strength of the dollar reflects the world's confidence in the U.S. economy and the competence of U.S. leadership and the value of products made by American workers, and our reputation as a fair place to do business and the rule of law in America.

Now, Secretary Bessent, earlier this week you ran an op-ed in The Wall Street Journal echoing many of the points you made in your testimony. In that op-ed, you promised, inter alia, more jobs, more manufacturing, more deregulation, lower taxes, less national debt, all while maintaining a strong dollar.

On the other hand, Stephen Marin, Trump's choice for the Chair of the Council of Economic Advisors, wrote a paper last year arguing for weakening the dollar through something he called the Mar-a-Lago Accords, which you have reportedly been placed in charge of negotiating.

The President himself has just been all over the map on almost a daily basis on whether a strong dollar or a weak dollar will make America great again. My question is, what is it? Does the administration support a strong dollar or a weak dollar?

Secretary BESSENT. Sir, I will work a little backward, is Stephen Miran's paper was when he was in the private sector, and I think it related to a range of outcomes. Two, that I believe that the conditions for a strong dollar are important for international competence. Again, when we think of strong dollar, what is a strong dollar? Is it the composite on the Bloomberg of all currencies, is it a trade-weighted dollar? Then we can also look at bilateral relationships, because much of that could be not so much a strong dollar, but other countries manipulating and suppressing their currencies which would—

Mr. FOSTER. We lived through that in the Bush Administration and his non-reaction to what China was doing. I know all about that, but I think it is interesting to look at the historical record here. I think, I have behind me a plot of the strength of the U.S. dollar under recent presidents. I believe your staff has a copy of a one-page handout that could be given to you if it is easier to read.

What it says is remarkable. It says that under every President, every Republican President, Reagan, Bush, Bush Jr., Trump 1 and now Trump 2, the dollar has weakened.

Under every Democratic President, without exception, Clinton, Obama, Biden, the dollar has gone up significantly. I do not think that is an accident. I think it is because of all the factors, including predominantly the confidence that the United States will maintain a well-regulated and well-governed economy and a fair place to do business.

Now also on that handout, which I think—has that actually been given—do you have a copy of the handout with the graphs on it? It is double-sided, single page. We can get you another copy if you want. It also has the argument in favor of a weak dollar; it should make manufacturing easier in the United States. Make our—that is one of the arguments for it.

If you look at the historical record here, if you just look at, for example, change in manufacturing employment under Democratic and Republican Presidents, it is remarkable. For longer than you or I have been alive, Democratic Presidents have increased manufacturing employment, and Republican Presidents have decreased manufacturing employment. From Franklin Delano Roosevelt (FDR), Truman, Kennedy, Johnson, Carter, Clinton, Obama and Biden all increased manufacturing employment. Eisenhower, Nixon, Ford, Reagan, Bush, Bush 2, it all dropped. Okay. I do not think this is an accident.

The thing I want to ask you about is how do the Republicans manage to weaken the dollar and weaken manufacturing employment at the same time, because it seems like that is completely crossways to the narrative that we are hearing from this administration?

Secretary BESSENT. Sir——

Mr. STEIL. The gentleman's time has expired. The Secretary can answer in writing. The gentleman from Tennessee, the Vice Chairman on Oversight Investigation Subcommittee, Mr. Rose, is recognized for 5 minutes.

Mr. ROSE. Thank you, Chairman Steil. I want to thank Chairman Hill and Ranking Member Waters for holding this important hearing. Secretary Bessent, thank you for being here with us today and answering our questions

Secretary Bessent, given that the Mint, the U.S. Mint's own Fiscal Year 2024 report shows that the nickel, the U.S. nickel now costs 13.78 cents to produce, and that experience in other countries suggest that our nickel production, or demand would double, triple, maybe even multiple times beyond that if we eliminate the penny. Is Treasury analyzing the risk that stopping penny production alone could actually worsen our coinage losses or seigniorage losses by pushing annual nickel losses well past \$200 million.

Secretary BESSENT. Congressman Rose, that we have looked at this, and we believe that it is possible by changing the composition of the nickel to bring down the cost to \$0.05 or less.

Mr. ROSE. Absolutely. That was going to be my next follow up question to you.

Secretary BESSENT. I will point out that the dime is very profitable.

Mr. ROSE. Yes, and it will sound like a little self-interest, but a Tennessee company is one of the folks that could lower the cost of the nickel and has made a proposal that I know you are——

Secretary BESSENT. We are investigating that with them and are very intent on maintaining those jobs, sir.

Mr. ROSE. I would just say from my deep dive into both penny and nickel production, it seems to me that there are significant savings beyond just saving on composition of the nickel, so I would encourage Treasury and the Mint to take a look at refocusing how we produce those coins to make them actually positive for the balance in terms of producing seigniorage for the United States. I am glad to hear that you are moving in that direction.

Secretary BESSENT. The President has recently made budget requests that propose significant cuts to the Community Development Financial Institutions, or CDFIs, or the CDFI fund, and suggest to ending core CDFI programs. I know you have recently made public comments about the statutory basis for the CDFI programs. What is your position on the future of the CDFI fund, and do you believe it should continue to play a role in supporting access to capital in underserved communities across the country?

Secretary BESSENT. Congressman, as I told the Congressman on the other side of the aisle, we are creating a new \$100 billion award program that would provide access to affordable financing, and this will be mostly in rural America.

Mr. ROSE. Excellent. I am glad to hear that, and I understand we always need to address how these programs work and whether they are efficient, cost-effective, and produce the outcomes we want. I am glad to hear that you are making moves in that direction.

I just want to pause at this point and say broadly, it is refreshing to have competent aggressive energetic leadership, and so, I commend you for that and very excited about the things that you are doing at the Treasury.

Secretary, can you discuss the significance of confirming President Trump's regulatory appointees in advancing his America-first agenda? Specifically, how do these appointments impact the implementation of these important policies to move America forward?

Secretary BESSENT. Yes, sir. I believe that we need to get them appointed as soon as possible. We have some very good acting, the chairs or directors of these, but the sooner we can do it, the sooner we can get down to the business of making those institutions work better for the American people, and making sure that main street can prosper, because I have been very concerned, as I have mentioned today, I have met, I think, the—personal meetings with over 50 community bankers, I spoke to more than 300, and I think it is very important to get these regulators in place so that community banks, small banks, small regional banks can make sure that Main Street participates with the rest of the country.

Mr. ROSE. Thank you. I completely agree, and that is what we are hearing, what I am hearing from the regulated entities in my district and across Tennessee.

Secretary, given the IMF's limited success in pushing China on transparency and debt restructuring, how can Treasury justify supporting the IMF's current leadership?

Secretary BESSENT. We are in constant discussions. It is leadership that I inherited. Thus far they seem very open to the Trump agenda, America first, and advancing the issues that most affect the United States and working Americans, so we will keep pushing them on that.

Mr. ROSE. Thank you, Mr. Secretary. Mr. Chairman, I yield back.

Mr. STEIL. The gentleman yields back. The gentlewoman from Ohio, the Ranking Member on the National Security illicit Finance and International Institution Subcommittee, Mrs. Beatty, is recognized for 5 minutes.

Mrs. BEATTY. Thank you, Mr. Chairman, and Ranking Member, and to you, Secretary Bessent.

The Trump Administration has alleged that detecting and deteriorating transnational criminal organizations such as Iranian terrorist groups and their proxies is a priority for national security, but on March 2nd of 2025, your Department announced that it would not enforce any penalties or fines associated with the Beneficial Ownership Information (BOI) reporting rule, nor will it enforce the Corporate Transparency Act (CTA) against U.S. citizens, domestic reporting companies or their beneficial owners. I am a little confused of how you square those 2 things.

My question is, can you explain to, or would you explain to the American public how you undermine the bipartisan CTA and expect law enforcement and national security agencies to quickly and effectively know the true owners behind shell companies registered in the United States now that foreigners, including a drug cartel, gang members, could register a company in the United States with no State or any Federal ownership reporting requirements. I remind you in your testimony, you talked about illicit actors; well, these are some of our illicit actors.

Secretary BESSENT. Congresswoman, an overwhelming majority of the domestic entities that you are describing are hardworking Americans with small businesses. We bifurcated the bill, and any foreign entities must still file.

Ms. BEATTY. So are you saying to me it is not true, that they must file and do—the foreign entities must file the BOI?

Secretary BESSENT. Yes. We bifurcated the CTA programs that domestics do not have to.

Ms. BEATTY. So maybe I am asking it the wrong way. So it appears that they are doing it, registering to avoid the transparency of who the companies are.

Secretary BESSENT. I am not sure what your question is. I would be happy to answer it.

Ms. BEATTY. So I guess I am looking at it as, and if you are saying it is not true, and that they now are complying and completing the BOI—so let us take it one step at a time. So you are saying everybody is completing the BOI. You are enforcing it.

Secretary BESSENT. No, ma'am. I am saying that we have bifurcated it. That U.S. nationals do not have to file, and that foreign nationals do.

Ms. BEATTY. Okay. So I guess when we look at this, if we are limiting enforcements of the rule just to the foreign entities, that creates a giant loophole whereby any foreign entity can register in

the United States and evade or not do the BOI reporting requirements.

Secretary BESSENT. They would be subject to all—they would have to come through a U.S. financial institution, so they would be subject to all U.S. institution—

Ms. BEATTY. Including the BOI?

Secretary BESSENT. The—

Ms. BEATTY. Including the BOI? Including the BOI? Yes or no? Because the answer is no. I mean, you can say it however you want to, but the answer is no. This makes it easier—and this is what I want the American folks to know—it makes it easier for human and drug traffickers, cartels, terrorists, organizations and other criminals to do business in the United States. When you are limiting the enforcement just to foreign entities it exempts 99 percent of the entities that Congress intended the law to cover when it was passed into law.

I think I do have my answer. We are just not agreeing on it, and we know why. Let me go to my second—it is my time. Let me go to my next question. It is my time. It is my time. You will not do this on my time.

Now, I am going to ask for a few more seconds since he refused to comply with my time. Not his time.

In 2016, former Secretary Jack Lew announced that Harriet Tubman was to be the new face of the \$20 bill. Can you tell me what is the current status of this project?

Secretary BESSENT. No, ma'am, I cannot, but my staff will get back to you.

Ms. BEATTY. No. I want you to get back to me because, see, there seems to be an issue when it comes to things that affect people of color or people who live in poverty, whether it is what you are doing with Social Security, what you are doing with restricting funds—

Mr. STEIL. The gentlewoman's time has expired.

Mrs. BEATTY. So I want you—

Mr. STEIL. The gentlewoman's time has expired.

Mrs. BEATTY. Will you respond to me?

Mr. Chairman, I need him to answer if he will—I am not a staff person.

Mr. STEIL. The gentlewoman can submit questions for the record.

Mrs. BEATTY. I am not asking him to have his staff report to me.

Mr. Chairman, I am addressing it to you—

Mr. STEIL. The gentlewoman's time has expired.

Mrs. BEATTY [continuing]. to ask him to respect me. Mr. Chairman, I am talking to you.

Mr. STEIL. The gentlewoman's time has expired.

Mrs. BEATTY. I need him to address—

Mr. STEIL. The gentlewoman's time has expired.

Mrs. BEATTY. If we will answer me as—no, I am not going to yield. I am not going to stop until you—

Mr. STEIL. The gentlewoman's time has expired.

Mrs. BEATTY. You direct him to answer to me as a Member of Congress. Mr. Chairman, point of order to you. Mr. Chairman, point of order to you. I will not stop. I will not be silent—

Mr. STEIL. The gentlewoman is not offering—

Mrs. BEATTY. Until you direct him to answer me.

Mr. STEIL. An appropriate parliamentary inquiry. Does the gentlewoman have a parliamentary inquiry?

Mrs. BEATTY. Yes, I do.

Mr. STEIL. Please state the parliamentary inquiry.

Mrs. BEATTY. As a member of the U.S. Congress addressing the Secretary, I am asking you to rule on asking this hostile witness to direct his response to me versus having him tell me that his staff will respond to me. My staff person did not ask him the question. I did.

Mr. STEIL. The gentlewoman does not state a parliamentary inquiry.

Mrs. BEATTY. Let me ask a point of privilege to you, Mr. Chairman, because I am not going to stop this this morning until you respond to me, then, if you will direct the Secretary to respond to me as a Member of Congress, or let me ask him.

Mr. STEIL. There is not a point of privilege. The gentlewoman's time has expired.

Mrs. BEATTY. If he will respond to me——

Mr. STEIL. The gentlewoman's——

Mrs. BEATTY. Will he respond to me——

Mr. STEIL. The gentlewoman will suspend. The gentlewoman will suspend.

Mrs. BEATTY. It could be simple if he will respond to me.

Mr. STEIL. The gentlewoman will suspend.

Mrs. BEATTY. If he responds to me——

Mr. STEIL. The gentlewoman will suspend.

Mrs. BEATTY. If he will respond to me——

Ms. WATERS. The gentlewoman makes a legitimate request. She has personal privilege.

Mrs. BEATTY. You could simply ask him to respond.

Ms. WATERS. She has personal privilege.

Mrs. BEATTY. Just ask him to respond if he will respond to a Member of Congress versus saying a staffer. It is as simple as that.

Mr. STEIL. I ask that members keep decorum and remain cordial during today's hearing.

Mrs. BEATTY. I am being cordial.

Mr. STEIL. The gentlewoman will suspend. The Chair has the time.

Mrs. BEATTY. Mr. Chairman, will you——

Mr. STEIL. The Chair has the time. The gentlewoman will suspend.

Ms. WATERS. The gentlewoman makes a legitimate request.

Mr. STEIL. I ask that members keep decorum and remain cordial during today's hearing.

Mrs. BEATTY. I am being cordial. I resent your statement to imply that I am not. I am a Member of the U.S. Congress. I am asking this Secretary——

Mr. STEIL. The gentlewoman may submit questions for the records (QFRs), for the record, which will be responded to by the Secretary.

Mrs. BEATTY. Thank you.

Mr. STEIL. The gentlewoman's time has expired. The gentleman from Texas, the Chairman of the Small Business Committee, Mr. Williams, is recognized for 5 minutes.

Mr. WILLIAMS. Thank you, Mr. Chairman, and thank you, Mr. Secretary, for being here. This may be a little easier on you here. I will try to move it fast forward.

The Chinese Community Party has enabled their economy to serve as a central hub for money laundering, human trafficking and the export of chemicals used to manufacture fentanyl. Increasingly Chinese nationals of financial works have informed operational lines, as with Mexican cartels, providing laundering services, digital payment platforms and chemical shipments to fuel the trafficking of fentanyl across our southern border.

These criminal partnerships exploit the international financial system, impose a direct threat to U.S. national security, public health and financial integrity.

My question, Mr. Secretary, is, can you elaborate on the steps Treasury has taken to disrupt the flow of illicit financing, money laundering and drug trafficking between Chinese entities and Mexican drug cartels?

Secretary BESSENT. Thank you, Congressman, for that very important question and know that they are interlinked, that the Chinese provide precursor drugs that are then converted into fentanyl by the Mexican cartels.

Just today, I signed an order that will be made public within the next few days identifying Chinese entities who are engaged in the fentanyl trade.

Mr. WILLIAMS. Great. Far too long, China has taken advantage of the international financial system and has become the world's largest creditor. The IMF and World Bank's focus on climate and social initiatives has resulted in a lack of accountability for the Chinese unreliable economic data, currency manipulation and opaque predatory lending practices.

In addition to the lack of accountability, this shift in focus to climate has forced many developing countries to turn to Chinese financing.

The United States must leverage its leadership of the world's stage to counter China's growing influence as a global lender and put an end to the deceptive economic practices.

Secretary, how is Treasury working to prevent IMF and the World Bank recourses from indirectly legitimizing China's death-trap diplomacy and economic depression?

Secretary BESSENT. Congressman, in various ways. One, as you would have noticed I would have said that when this horrible Russia-Ukraine conflict ends, that the—no one who—no country or person who financed the Russian war machine will be eligible for any rebuild in Ukraine, especially that financed by the World Bank or any of the other multilateral development banks.

Also, we are working with the Organization for Economic Cooperation and Development (OECD), especially, to look at—and the IMF, and the World Bank, to look at the true debt levels for these countries. Everyone agrees, or everyone, save one country, agrees that this is a problem, that there are rapacious mineral deals, that there are towing arrangements, and it is impossible to know and

assist a country that has experienced economic hardship when we do not know the true levels, or if there is an undisclosed priority payment to another creditor.

Mr. WILLIAMS. Let me try to get to my last question. I was encouraged to hear that you are taking a fresh look at the bank regulatory framework to better reflect the actual risk and to ensure a level playing field across the financial system. As part of that review, I hope you will consider where U.S. regulations may be putting banks and financial institutions at a disadvantage be to our foreign competitors. In particular, I urge you to weigh the combined impact or proposals like Basel III Endgame, the GSIB surcharge and leverage requirements, especially whether these changes could limit the bank's ability to support the economy and compete globally.

In your work so far, are there any specific areas where you plan to address these concerns about regulatory—putting U.S. institutions at a disadvantage, such as in the reproposal of the Basel III Endgame rule by amending the GSIB surcharge regulation.

Secretary BESSENT. Congressman, we are looking across all areas and know that this is at the top of our agenda, that most countries have very concentrated banking systems. In many cases, the banking systems are larger than the Gross Domestic Product (GDP) of the countries. So they have very different needs than the United States. To strengthen the United States, lending and capital markets and economy is the breadth and depth of our financial institutions. We will continue to advocate for them both at home and abroad.

Mr. WILLIAMS. Thank you for your service. I think you are doing a great job. I yield back.

Mr. STEIL. The gentleman yields back. The gentleman from California, the Ranking Member on the Task Force on Monetary Policy, Mr. Vargas, is recognized for 5 minutes.

Mr. VARGAS. Thank you very much, Mr. Chair, and Ranking Member for holding this hearing.

Mr. Secretary, welcome. It is great to have you here. I want to thank my colleague and friend from Texas for asking the question about Russia. Do you consider Vladimir Putin a war criminal?

Secretary BESSENT. Yes.

Mr. VARGAS. Would you negotiate with a war criminal?

Secretary BESSENT. I think that is the nature of diplomacy. One must negotiate with both sides, sir.

Mr. VARGAS. So you will be negotiating then with a war criminal?

Secretary BESSENT. I believe that negotiation was needed with the Japanese after World War II.

Mr. VARGAS. Okay. Thank you for that answer.

Are you familiar with what President Trump has called his one Big Beautiful Bill?

Secretary BESSENT. Yes, sir.

Mr. VARGAS. Would you describe the basics of that bill?

Secretary BESSENT. It is combination—the core of that bill is to make the 2017 Tax Cuts and Jobs Act permanent.

Mr. VARGAS. If this what he quotes, a Big Beautiful Bill passes, will the deficit go up or will the deficit go down?

Secretary BESSENT. I believe over time the deficit to GDP, which is the important number—even Secretary Yellen agrees with that—will stabilize and go down.

Mr. VARGAS. So next year, will it go down?

Secretary BESSENT. Sir?

Mr. VARGAS. Yes.

Secretary BESSENT. I believe—yes.

Mr. VARGAS. So if the past—if the Big Beautiful Bill passes, do you believe the deficit will go down next year?

Secretary BESSENT. The deficit to GDP will. Because, again, what is important is that we grow the economy faster than we are growing debt.

Mr. VARGAS. I understand that. I understand that. Of course, but you say that in the long term—I am asking the short term, will the deficit go down?

Secretary BESSENT. I believe the debt to GDP can go down.

Mr. VARGAS. What about the deficit itself? The amount of money—the amount of money that comes in as opposed to goes out, will the deficit go down next year?

Secretary BESSENT. Will it go down from 2024 and 2025, I believe it will because these are ordinary—

Mr. VARGAS. Okay. What about the long-term debt? Will it go up or down if this Big Beautiful Bill passes?

Secretary BESSENT. Again, sir, while the absolute—

Mr. VARGAS. I think the reason you are having a hard time answering—

Secretary BESSENT. I am not having a hard time answering because what is important—

Mr. VARGAS. I have given you plenty of time.

Secretary BESSENT [continuing]. is that the absolute level of debt, it is as Secretary Yellen said the debt to GDP. So if our GDP were a hundred—

Mr. VARGAS. Everyone is talking about the \$37 billion. Is it going to go up or down?

Secretary BESSENT. Sir?

Mr. VARGAS. Yes, is it going to go up or down?

Secretary BESSENT. It will likely go up.

Mr. VARGAS. Okay.

Secretary BESSENT. If the GDP goes up faster, we—

Mr. VARGAS. I think that is an interesting thing. My colleagues on the other side always talk about reducing the debt and reducing the deficit. Yet the hypocrisy of trying to pass the big beautiful bill that will cause both of them to go up.

Secretary BESSENT. No, sir, I did not say the deficit—

Mr. VARGAS. I know you did not say—you are trying not to say it, but that is exactly what is going to happen.

Secretary BESSENT. No, I actually said it would not go up.

Mr. VARGAS. I know you did.

Secretary BESSENT. Just to be clear—

Mr. VARGAS. You said the number would go up.

Secretary BESSENT. Just to be clear, last year I had 6.7 percent deficit to GDP—

Mr. VARGAS. No, no, I am asking the number. No, no, no, I am asking the actual number. No, we are looking at—

Secretary BESSENT. If I can—the previous administration was the largest when we were not in recession and not——

Mr. VARGAS. I am not going to let you get away with that because it is very clear what is going to happen if they pass their bill. The deficit is going to go up, and the debt is going to go up, and we are going to see the hypocrisy of them always saying cut the budget, so the deficit is going to go down, and the debt is going to go down. It is not. It is going to go up.

Now, I do want to ask you about the independence of the Fed.

Secretary BESSENT. Yes, sir.

Mr. VARGAS. You have kind of been on both sides of the fence on this. You seem to say that we need an independent Fed, but at the same time you said they should have been a shadow Fed.

Secretary BESSENT. Since taking office, I have refrained from commenting on Fed monetary policy and I have said that monetary policy is a jewel box that must be preserved.

Mr. VARGAS. Okay. Great. Last, I do want to ask this because a number of my colleagues have brought it up about elite, the coastal elites. Where did you go to school?

Secretary BESSENT. I grew up in Little River, South Carolina.

Mr. VARGAS. What university did you graduate from?

Secretary BESSENT. 500——

Mr. VARGAS. Wait. You graduated from Yale. You were part of the Fed's society, one of the big three.

Secretary BESSENT. Congressman, I worked three jobs to put myself through Yale——

Mr. VARGAS. I understand that too.

Secretary BESSENT. So the thing——

Mr. VARGAS. The thing that I was—the funny part is, let us talk about the coastal elites, you are a billionaire that went to Yale. I do not hold that against you.

Secretary BESSENT. Vice President Pence was——

Mr. VARGAS. I just find it interesting that my colleagues are always talking about the coastal elites. Yet the President and yourself are both coastal elites.

Secretary BESSENT. I made all my own money, sir.

Mr. STEIL. The gentleman yields back.

I recognize myself for 5 minutes for the purpose of asking questions.

Secretary, thank you for being here. Earlier today you referenced the Electric Slide,—I will share my concerns that during 4 years of the Biden Administration, we were sliding behind foreign competition, in particular, in the digital asset space from the Bahamas to China.

I want to ask you, what would happen if we put our heads in the sand, if we object, if we walk out of that type of leadership role, which I think is so essential, to make sure that the United States continues to lead the way in Web3 as we did in Web2? In particular, how does the leadership in digital assets play into President Trump's broader agenda and, specifically, how do dollar-denominated stable coins impact dollar dominance in Treasury markets?

Secretary BESSENT. Congressman, thank you for that very important question. Our goal is to encourage firms to reshore, reshore,

bring back to the United States best practices that are digital asset innovation and experimentation here in the United States without scaling back their ambition to influence global industry.

The administration's efforts to promote clear regulatory frameworks for digital assets will contribute to this goal. So ongoing efforts from a fair access interoperability of payment technologies across all borders. We will continue these more private-sector solutions and discourage public-sector solutions that historic markets can stifle competition.

Mr. STEIL. Let me jump in because I think that is spot on. Let us talk about what happens if we fail to act. Yesterday, some members objected—walked out of a hearing to discuss market structure and digital assets, and an absolutely essential leadership role of the United States has to play.

What happens if we walk out on our responsibility to lead in the digital asset space? What would occur if Web3 center of gravity shifts away from the United States to countries like China or other locations?

Secretary BESSENT. Numerous things could occur, sir. As we saw, under the previous administration, an entire ecosystem, the unregulated and renegade springs up outside the U.S and illicit actors abuse the value of these transfer systems. There is a technological loss here.

Mr. STEIL. Can you walk us through or share any of your impressions from the conversations you have had with your counterparts abroad as it relates to their experience with regulating in the digital asset space?

Secretary BESSENT. They believe it is very important and I believe that they are a little worried that the U.S. is willing to restore its leadership here. As I said earlier, there is a chance that digital assets can provide a substantial source of demand for the U.S. dollar.

Mr. STEIL. In my bill, the Stable Act, which regulates dollar-denominated stable coins, we give the Treasury the authority to identify which foreign stable coin regulatory regimes are comparable to ours. What are the key aspects of comparable regimes? Are there lessons or criteria that we can draw from other similar areas in the financial services space?

Secretary BESSENT. Congressman, I think that we had the blueprint with the bank regulation and adherence to anti-money laundering laws around the world. Financial stability, and the—I would guess that 70 percent of the countries would be very easy to judge, yes, no, and then there will be another group. That is why I believe that some of the bills encourage phasing this in.

Mr. STEIL. A lot of stable coins, a lot of digital asset space needs reliable banking services. Could you comment briefly on how the Treasury's working with bank regulators to ensure that financial institutions can safely participate in this emerging industry?

Secretary BESSENT. We have recently delivered a report to the President on this. We had safe and sound best practices. We want to work with the financial industry with new companies and entrepreneurs as well as incumbents. The banks—there is a solution to banks to participate in this business, whether it is through custody or their own coins.

Mr. STEIL. Let me shift gears really quickly in my final 30 seconds. President Trump issued an executive order on modernizing payments to and from Americans' banks accounts. The executive order noted that the Treasury checks are 16 times more likely to be reported lost or stolen or returned as compared to electric transfer funds. Do you think we are making real progress in this space?

Secretary BESSENT. We are working via all speed ahead. A Congresswoman from Staten Island via told me of numerous losses of checks in the postal system, and we think it is both cost cutting and a good practice, sir.

Mr. STEIL. Thank you very much. Thanks for being here today.

I now recognize the gentleman from Texas, Mr. Gonzales, for 5 minutes.

Mr. GONZALEZ. Mr. Secretary, thank you for joining us this morning. According to The Wall Street Journal, oil and gas companies have lost over \$280 billion in market value in April of this year alone, more than any other sector. This decline is attributed to a combination of factors but mostly attributed to the tariffs.

At a recent Dallas Federal Reserve meeting, a veteran CEO said, quote, I have never felt more uncertainty about our business in my entire 40 years in the industry, and this turmoil is no accident. It is a direct result of Mr. Trump's vandalism.

Just yesterday, Diamondback Energy, one of the largest Permian producers told shareholders that tariffs are adding significant costs of drilling activity. That is mostly due to the tariffs to our neighbors to the North and the South.

Mr. Secretary, the chaos in the energy sector has eclipsed any gains from President Trump's industry-friendly regulatory rollbacks that they were so much looking forward to. Stable energy prices depend on stable policy. The Trump Administration pledged to support American energy sector. However, this decline demonstrates the opposite.

Given these outcomes, how do you reconcile the administration's stated support for energy sector with policies that appear to have directly undermined its stability and global competitiveness?

Secretary BESSENT. Sir, I will take issue with the idea that it was tariffs. We have seen one of the largest decreases in the underlying price of crude in history.

Mr. GONZALEZ. That is right.

Secretary BESSENT. So—

Mr. GONZALEZ. A hundred percent—there is not a single energy CEO in America right now that would agree with you. They are all attributing to their downfall right now and the troubles that they are having to the tariffs, and they need some relief. What is the administration going to do?

Secretary BESSENT. Congressman, you and I must speak to different energy executives, because I speak to them quite often.

Mr. GONZALEZ. I spoke to American Petroleum Institute (API) today.

Secretary BESSENT. I will note that the Organization of the Petroleum Exporting Countries (OPEC) has done a substantial—substantial supply increase and the history of substantial OPEC supply increase—

Mr. GONZALEZ. The tariffs are just making it worse. China is no longer buying our L and G, and neither is a lot of other countries around the world.

Secretary BESSENT. I think we have seen the—Harold Hamm, head of Continental Resources had said that he is reshoring his supply chain, and he believes that over time he did not save any money, any money by outsourcing the equipment.

Mr. GONZALEZ. Secretary, our energy industry is hurting, and they need your help. I know you are a smart man, and you are one of the most stable people in this administration. You need to talk to President about this. This is hurting the industry, and it is hurting the American people, and more needs to be done.

I have another question that I want to talk to you about that is hopefully a little easier. It has to do with our shrimping and fishing industry. As you may know, our domestic shrimping and fishing continue to experience economic hardships caused by an increase of foreign imports, high fuel prices, labor shortage, immigration regulation, all to make matters worse.

Plus we have flooded the domestic seafood markets with foreign farm-raised shrimps. Many which are subsidized by American Federal dollars in the international financial institutions.

We need to put an end to this. What are we doing in terms of tariffs to help this industry that is hurting? I know—I mean, if we want to talk tariffs, there are some that work. I think this is certainly an industry that needs a lot of help. It has been ignored. It is on the verge of collapse. If we continue down this path, we will rely on imported seafood and certainly imported shrimp which is hurting the worse within the seafood industry.

I do not know how familiar you are with this industry, but I am curious to hear your opinions and what can be done to improve this?

Secretary BESSENT. Sir, as I mentioned earlier, this coastal elite grew up in a fishing village that when I was young was 500 people, so I am very attuned to that. Again, on one hand you are saying you do not like tariffs. On the other, they are——

Mr. GONZALEZ. No, I do not like tariffs on our energy sector. Yes, we do need tariffs on certain industries. This is one of them that I think would make sense.

Secretary BESSENT. I agree and I would be happy to work with you on this. We have worked with the Alaska delegation extensively on what is happening with Russian illegal fishing and illegal or sales to China that is then transship back to the United States. We would be happy to work with you on that.

Mr. GONZALES. I would love that. Okay. I will be in touch with you. Thank you so much. I yield back.

Chairman HILL [presiding]. The gentleman yields back.

The gentleman from South Carolina, Mr. Timmons, is recognized for 5 minutes.

Mr. TIMMONS. Thank you, Mr. Chairman. Secretary Bessent, thank you for being here with us today. You are respected by the President, his economic team, leaders on Wall Street, and the broader international financial community. Your steady leadership is appreciated on both sides of the aisle. After an abysmal 4 years,

it is encouraging to see thoughtful and serious leadership guiding this discussion once again.

I would like to add a personal note. Both of us are proud to call South Carolina home. My family like yours also came to Charleston in the 1600s.

I know you understand the economic landscape of South Carolina deeply, and that perspective is invaluable in the position that you hold.

Let me start with a question about the textile industry. South Carolina and especially my district in the upstate has a long history in textiles. For over a hundred years, it was more than just an economic sector, it was part of the cultural and social fabric in our communities but there was a drastic shift in the seventies and the eighties.

Well-intentioned regulations from Washington related to labor and the environment made the U.S. economy no longer competitive. While I agree with the policies that we should not dump dyes and chemicals into the rivers, and we should not have 120 degrees in factories and people should only work 40 hours a week, we need to focus on being competitive. Those regulations, all of it did was push all our textile jobs to China—or most of our textile jobs to China.

China took advantage of it. They incentivized and subsidized textile manufacturing, capturing an enormous amount of the market share. Hundreds of thousands of jobs were lost in the South.

Recently, you made a comment suggesting we do not need to bring the booming textile industry that once defined the regions where we both grew up back. That statement stirred some concern from some of the textile companies that survived in the district.

I agree with your broader point that we should not return to producing low-quality goods just for the sake of manufacturing in the United States.

I do want to ask, do you agree that we should prioritize support for the American textile industry that are still here and particularly leaders that are in innovation and high-tech manufacturing and people that are producing Berry Amendment products for our warfighters?

Secretary BESSENT. Congressman, what I mean and meant was the survivors in this industry, they had done it through innovation, and they will continue to innovate, and they are high-end textile manufacturers. I remember going to China in the 1990s and 2000s and seeing everything that had been outsourced there in the textile industry. Socks—sock city, underwear city—and those are the jobs you and I grew up with and many people or family and friends were involved with. I think that we, through good tariff policy, can make sure that these existing businesses can grow and thrive, especially in the high-end. Again, anyone who has survived has done it through innovation and hard work.

Mr. TIMMONS. That is what I told them. I told them that we still support them, and we are going to make sure they continue to thrive.

Secretary BESSENT. A hundred percent, sir.

Mr. TIMMONS. Absolutely. Absolutely. I want to turn to the automotive industry, specifically, Bavarian Motor Works (BMW), which

operates its largest plant in the world in Spartanburg, South Carolina. That facility which opened in 1994 has helped make our State the top auto exporter in the United States and employed either directly or through nearby supply networks indirectly, almost 80,000 of my constituents. It is almost one in ten of them, and for foreign automakers like BMW are continuing to invest heavily U.S. manufacturing. Incredibly they have invested an additional \$4 billion in the last 3 years. That investment has real lasting benefits for American workers, exports, and innovation.

It is President Trump's promise to the American people to renew the U.S. economy's competitiveness in the global economy, and this is an effort long overdue.

My question is this: As President Trump renegotiates our trade relationships with the world, is it fair to stay that BMW—the type of investment that BMW has made a generational investment is what we are hoping to incentivize?

Secretary BESSENT. Yes Congressman. I regularly see at the Port of the Charleston the BMW X series sitting there for export. I think that the President recently met with the heads of the three German auto companies and is working toward a solution for more American content and more made in the United States rather than just as assemblers. There would be more jobs in your district.

Mr. TIMMONS. That message was heard loud and clear and they are going to continue to invest. They have been a very good partner. I am just excited because interest rates are coming down, energy costs going down, regulatory relief—a more fair trade deal. We are going to be the best place to start to grow to build a business. I appreciate your leadership in that regard. Thank you, sir. I yield back.

Chairman HILL. The gentleman yields back.

The gentleman who is the Vice Ranking Member of the full committee, Mr. Casten, is recognized for 5 minutes.

Mr. CASTEN. Thank you, Mr. Chair. Secretary Bessent, I am starting my seventh year in Congress. In those 7 years, I have never received more phone calls from my constituents on any issue than the hack into the Treasury payment system earlier this year.

As you know well, this is the system that manages over \$5 trillion a year of Federal payments, payments to taxpayers, payments to Social Security beneficiaries, payors to embedded foreign assets who are overseas and under cover, and it has very personal information and their routing information. This is a purple district. People were nervous.

We sent a letter to your office on 150 colleagues asking 20 questions. Your response that we just received was nonresponsive on all 20.

Mr. Chairman, I would like unanimous consent to enter those two letters into the record.

Chairman HILL. Without objection.

[The information referred to was not submitted prior to printing.]

Mr. CASTEN. I want to get through a lot of those questions right now, Secretary Bessent. I would ask you to be as brief as you were in your response, but I would very much like a more fulsome answer in writing.

In January, The New York Times reported that you pressured David Ludwig out of his role overseeing that after he refused to grant that access to people that Elon Musk had imposed. Can you confirm the accuracy of those reports.

Secretary BESSENT. That is incorrect.

Mr. CASTEN. You met with him on January 30 and put him on administrative leave, and he left a day later. Is that accurate?

Secretary BESSENT. I—they did not put him on administrative leave. Administrative leave—I asked him to take—I met with him 90 minutes after—

Mr. CASTEN. So you are denying The New York Times report?

Secretary BESSENT. I,

Mr. CASTEN. Was it your choice—

Secretary BESSENT. I am adamantly saying that The New York Times is inaccurate.

Mr. CASTEN. Okay. That is fine. That is yes or no. The New York times was inaccurate. Fine.

Secretary BESSENT. I placed him on administrative leave, and he was—subsequently resigned after sending numerous—

Mr. CASTEN. Sir, I am just asking for a yes or no questions. If you want to be voluminous, please write me a letter.

Was it your decision to terminate Mr. Ludwig, or were you pressured by others.

Secretary BESSENT. He resigned.

Mr. CASTEN. Who had made the decision to put him on administrative leave? You or someone else?

Secretary BESSENT. Again, sir, he was not put on administrative. That is totally inaccurate.

Mr. CASTEN. Fair enough. Tom Krause—you a fan of him, who is not playing that role?

Secretary BESSENT. Yes.

Mr. CASTEN. You had mentioned earlier he was in that role. Do you agree that role includes duties that include the managing Treasury payment system to ensure your time at Social Security, payments overseeing auctions for U.S. Treasury bonds which determine interest rates, and ensuring the United States does not breach the debt.

Would you agree that is all the part of the functions that Mr. Krause is now holding?

Secretary BESSENT. No.

Mr. CASTEN. No? Shocking. Okay. Does Mr. Krause have any prior experience in government service?

Secretary BESSENT. No, he does not. Neither do I.

Mr. CASTEN. Does Mr. Krause have any prior experience in the financial sector, which of course you do?

Secretary BESSENT. What's that?

Mr. CASTEN. Just you can answer me. I am doing this solo. You do not need the people behind you to help you.

Does Mr. Krause have any experience in the financial sector?

Secretary BESSENT. In the financial sector, yes. He has put together more than a hundred—

Mr. CASTEN. No, no, no. Did he work for a bank? Did he work for a hedge fund? Did he work for a private equity firm?

Secretary BESSENT. He worked for a private equity firm.

Mr. CASTEN. He is the CEO of a software company.

Secretary BESSENT. He has done over a hundred billion of tech deals.

Mr. CASTEN. He runs a software company. He is still the CEO of that software company, is he not?

Secretary BESSENT. I am not sure.

Mr. CASTEN. He is. Is it your view that job that he is holding is a part-time job?

Secretary BESSENT. I am not——

Mr. CASTEN. Managing \$5 trillion a year of distributions. That is a part-time job, or does that require full time?

Secretary BESSENT. No, sir, he is managing \$5 trillion a year in distributions. He is doing a tech upgrade, and ERP system——

Mr. CASTEN. That is all that Mr. Ludwig was doing was a tech upgrade?

Secretary BESSENT. Sorry?

Mr. CASTEN. Mr. Ludwig who said I am not going to allow people to hack into the system; he was just doing a tech upgrade? Were you downgraded what that job function is?

Secretary BESSENT. Mr. Leverick was in charge of 1.5 billion payments a year, which one-third did not have a task identification——

Mr. CASTEN. Sir, come on. Come on, come on, come on.

Secretary BESSENT. Sir, he had——

Mr. CASTEN. We are going to move along. The Chairman notably a moment ago did not swear you in so you are not under oath right now.

February 4 in your response to a Senate Democrats letter you said that Mr. Krause will only have read-only access. A moment ago in response to our Chair, you said, and I quote: They were only granted read-only access at Treasury.

You are not under oath right now—you could be, but you are not. Mr. Jueli testified under oath in a recent hearing saying that Marko Elez was write access to the Treasury payment system. Do you wish to correct your remarks to Chair with the Ranking Member that noone was given write access?

Secretary BESSENT. I would say that I——

Mr. CASTEN. That no one was given the write access.

Secretary BESSENT. I never granted anything other than——

Mr. CASTEN. Marko Elez was given write access.

Secretary BESSENT. I never granted anything other than read-only access.

Mr. CASTEN. Mr. Elez left the Treasury Department in part after it was discovered that he said normalizing Indian Hate and I just want a eugenic immigration policy. Do you agree with those sentiments?

Secretary BESSENT. I do not at all.

Mr. CASTEN. Do you think that someone who holds those sentiments should be employed in your department?

Secretary BESSENT. I had a conversation with the Vice President——

Mr. CASTEN. This is——

Secretary BESSENT. I admired his grace.

Mr. CASTEN. He then went to HHS——

Chairman HILL. The gentleman's time has expired.

I thank the gentleman from Illinois.

The gentleman from Indiana is now recognized, Mr. Stutzman, for 5 minutes.

Mr. STUTZMAN. Thank you, Mr. Chairman. Mr. Secretary, thank you for being here and, frankly, I apologize. The fact that you are getting a lot of accusations thrown at you, and you have not had much chance to respond to some of them, and that are fair questions that I know that you have good answers for.

With respect to the individuals originally referenced by Ranking Member Waters who may have had access to certain Business and Financial Service (BFS) system, and in response to Mr. Casten, do you want to add any additional information on that matter?

Secretary BESSENT. I would say that is in litigation, and I never authorized access.

Mr. STUTZMAN. Thank you. I just want to say thank you for your service and for your willingness to come serve in Washington, DC, at a critical time and the fact that you heeded President Trump's call. It is refreshing, honestly.

We see a lot of ups and downs. Things that are happening around the world but, here at home, there is a reset that is happening, and that does create some volatility. I will tell you what, there is a lot of good news that I think the other side is missing. I found it ironic that this chart was handed out earlier. Of course, it tries to show that all the blame is on the Republican or Presidents over the past century or so but the one that really—

[Chart.]

Secretary BESSENT. Congressman, if I may interrupt, as a former finance professor, that chart would get an F.

Mr. STUTZMAN. I agree. It is interesting that you know this big drop-off right here after President Clinton—I live in one of the heaviest manufacturing districts in the country, and I know that businesses do not turn on a dime that quickly but that was because of different trade policies. Something happened during the President Clinton era that caused a lot of jobs to leave. That is what President Trump and you are trying to fix. Is that correct?

Secretary BESSENT. I think that thing was called NAFTA, sir.

Mr. STUTZMAN. Exactly. Thank you for doing that because we saw jobs growing up in northeast Indiana and the auto industry, agriculture, and manufacturing just continue to have the slow decline. Manufacturing is critical to a nation, and manufacturing has built America. We have seen jobs leave because of bad policies over years.

Because of President Trump and because of you, sir, we are now seeing headlines that say: Rolls-Royce Planning to Shift Production to the United States to Avoid Trump's Tariffs. We see headlines saying: Johnson and Johnson To Invest Over 55 Billion in United States in the Next 4 Years.

Even in my district, GM has announced that they are increasing truck production. I know coming from a manufacturing family that we are seeing opportunities. Is it going to happen overnight? Absolutely not, but it is at least giving us the opportunity to look forward and say there is an opportunity because you all are setting, resetting the table to look out for America first.

I want to say thank you, and if you do not—and I have heard you say this before that President Trump has tasked you with reducing debt and deficits as well as keeping the economy strong, that is a huge task, but it is one that has to happen. I appreciate what you have been doing. Because the debt prices would just flat out limit us to any sort of recovery. It would be very difficult.

I want to ask you really quick about the Federal Reserve's dual mandate. Generally speaking, should the Federal Reserve focus more on fighting inflation or providing maximum employment and what should the Fed focus on if the economy enters stagflation?

Secretary BESSENT. Sir, I would just comment on monetary policy in general rather than the Federal Reserve. I think the two are inexorably linked. As we saw during the terrible inflation during the Biden years, that employment picked up, but that was a slingshot effect. As we went—came into post-COVID recovery that financed the debt-fueled government spending, and we are trying to end that.

So the Federal Reserve should focus on both, and it is at different times. Look, keeping inflation down, President Trump won because of, I believe, working real wages for working Americans flopped.

Mr. STUTZMAN. Now, that is absolutely right, and we saw the cost of living go up. The last 4 years have been the hardest on Americans due to the former administration's policies and I know that there is a huge recovery, and people are still trying to recover and are hopeful and optimistic.

My time is about to expire, I just wish you the best, and I want to say thank you. Working together here on this committee, there are plenty of places to work together and try to get us back on track rather than pointing fingers. So.

Chairman HILL. The gentleman's time has expired. We now recognize the gentlewoman from Massachusetts, Ms. Pressley, for 5 minutes.

Ms. PRESSLEY. Thank you. Secretary Bessent, you have heard from Democrats publicly and I am certain you have heard from Republicans privately that this administration's reckless and chaotic tariff policy is wreaking havoc on our economy. Rather than delivering that stability for our country, this Trump tariff tantrum has been inconsistent, counter-productive, and disconnected from reality.

In my district in the Massachusetts Seventh, I am hearing it from everyone. Small businessowners are reeling from the unpredictable on again, off again tariffs. They are holding back on expansion, delaying hiring, and bracing for the impact. Local and State officials are telling me about the effect tariffs will have on our State budget. Simultaneously, Massachusetts will see energy bills increase while revenue from tourism will decrease.

I want to focus on the constituent outreach that I received from everyday families who are just fighting to make ends meet. Yes or no. Mr. Secretary, do you know what a car seat is?

Secretary BESSENT. I have two children, yes.

Ms. PRESSLEY. I figured as much. It is correct you and your husband have two children. So I am sure you know that car seats are absolutely essential for families when traveling with babies and

toddlers to school, to worship, to doctor's appointments, just everyday living. Not only are car seats essential but they are also the law of the land. It is the law of the land in 50 States. There is no getting around that.

Mr. Secretary, what is your estimate of how many babies are born in the United States each year?

Secretary BESSENT. I would guess two to three million.

Ms. PRESSLEY. While the number fluctuates, there have consistently been more 3.5 million babies born in the United States. That means millions of families in this country are doing what? Buying a car seat. Because it is essential, and it is the law of the land in all 50 States. Now that cost is going up because Trump has announced up to 145 percent tariffs on Chinese imported products. Approximately, nine out of every ten car seats in the United States come from China. That is a steep cost. Steep costs, high for families all over the country. The price is up in Republican districts and in Democratic districts.

It is not just the car seats that are impacted. We are talking about strollers, cribs, highchairs. No family is exempt from the harm of these Trump tariffs on essential baby products but do not just take my word for it.

Mr. Chair, I would like to enter into the record a Yahoo finance article from May 2025, entitled: First-year baby expenses already topped \$20,000, and tariffs are adding to the bill as China dominates key imports.

Chairman HILL. Without objection.

[The information referred to was not submitted prior to printing.]

Ms. PRESSLEY. Look, I support improving manufacturing in America, but that is not going into effect overnight like these tariffs are. There needs to be an exemption to help America's families. Trump has used his power for tariff exemptions on thermal plastics, semiconductors, but what about baby products?

Mr. Secretary, do you support an exemption to tariffs on items that parents need to care for their kids? Yes or no?

Secretary BESSENT. Congresswoman, what you are referring to are—

Ms. PRESSLEY. Yes or no?

Secretary BESSENT. What you are referring to are—

Ms. PRESSLEY. I am reclaiming my time because I do not want you to filibuster and give me some macroeconomic answer. Families at home are hurting, and they just—just give me a direct answer.

Secretary BESSENT. I am going to agree with you that—

Ms. PRESSLEY. So, yes, you do support an exemption on tariffs for products that are essential for families for their babies?

Secretary BESSENT. Exemptions on E-4 items of which—

Ms. PRESSLEY. I am sorry, I have to reclaim my time. I am reclaiming my time. I am—Mr. Chair, I am reclaiming my time. Give me my time back. I am reclaiming my time.

I just want a simple yes or no. Do you support an exemption to tariffs on items that parents need to care for their kids? Because you all claim you are pro family. I cannot hear the words you say because I see the things that you do every day. So clear it up.

Yes or no, do you support an exemption to tariffs on items that parents need to care for their babies?

Secretary BESSENT. It is under consideration.

Ms. PRESSLEY. Great. Good. I do not know what is stopping an exemption from going into effect today? So do it now. In Donald Trump's America, yesterday's price is not today's price. Costs are going up. Everyone is suffering, especially our families with young children.

Mr. Secretary, I am making an appeal to you. On behalf of the people of this country, please tell occupant Trump to reverse course and stop hurting America's families. I yield back.

Chairman HILL. The gentlewoman yields back.

The gentleman from Pennsylvania, our Chair of our Oversight and Investigation Subcommittee, Mr. Meuser, is recognized for 5 minutes.

Mr. MEUSER. Mr. Secretary, great to be with you. Thank you. Boy, oh, boy, I sure wish we had colleagues that were upset about the Biden 20-percent inflation and lack of wage growth along with that inflation and the high energy costs that were costing families throughout my district thousands of dollars. I wish we would have heard a peep about that. Yet, we have just angry, angry voices over the potentiality of bringing manufacturing back to the United States that, in fact, has not even gone into effect yet. It is nuts.

Mr. Secretary, the ongoing litigation response to the Democrats' questions about the Treasury DOGE team, it is true that they can find all of the information—find all the available information there?

Secretary BESSENT. Yes, sir.

Mr. MEUSER. Okay. Thank you. Also, regarding the Beneficial Ownership Rule, which was a disaster for my small businesses—I mean all of them, 100 percent, complained about it—the original intent of the Corporate Transparency Act was to root out bad actors.

The previous administration, however, turned it into a massive data collection with over 50 questions—originally there were four—that outraged small business, accountants, attorneys, anybody who had anything to do with it. In fact, only 20 percent of the small businesses were even able to comply by the January 1 deadline. Meanwhile they were threatened with fines up to \$500 per day and up to \$10,000, small businesses. They were beside themselves.

You listened to the small businesses and did something immediately to correct course, exempting U.S. companies from reporting. My small businesses throughout my district, throughout Pennsylvania applaud you for eliminating a needless bureaucratic reporting regime. So thank you.

Secretary BESSENT. Congressman, I am just sorry that so many of them had to waste their hard-earned dollars either complying or preparing to comply.

Mr. MEUSER. And losing sleep and everything else. Some even going out of business because they found it preposterous. Thank you.

Let us talk about removing the ideological, subjective, even capricious regulators that—how would you—under the Biden Administration, bank supervisors focused more on ideological concerns and less on material bright line financial rules versus the risks. How

do you work with bank regulators to refocus supervision on bright line rules rather than an issue unrelated to safety and soundness?

Secretary BESSENT. Again, Congressman, very important point. We could see that we had three—under the previous administration, we had three of the largest bank failures in U.S. history. Two weeks before that, the Financial Stability Oversight Council published a report that said that climate was the biggest threat to the financial system, not the deposit volatility, not overleveraged bond portfolios. So we are promoting common sense back to basics.

Mr. MEUSER. Yes, thank you. Okay. The efforts related to the removal of reputational risk as a basis of supervisory criticism. Can you comment on that?

Secretary BESSENT. Yes, sir. Many people, many individuals, many organizations were debanked because of their political beliefs, and regulators used that as a litmus test. That it is a very capricious category in bank regulation. So we had moved to remove that as a criteria. We believed that financial ratios are much more important than whether you are a Democrat, a Republican, or an Independent.

Mr. MEUSER. Thank you. Yes. Well put. I appreciate the fact that you see things that way as should be seen.

Capital requirements. Basel III Endgame, of course, and the G ship surcharge and other proposed capital rules might put U.S. banks at an international disadvantage. What do you believe—if you got an idea of the right level for capital requirements?

Secretary BESSENT. Sir, we are examining that now, and we will weigh in heavily at the BIS and the other rulemaking entities. Again, this one-size-fits-all. I believe one of the reasons we have seen the stagnation in many other countries is the regulatory, the framework, the very tight regulatory framework that they have put around their regulated financial institutions.

Mr. MEUSER. Thank you. I am almost out of time. I will yield back. Thank you very much, Mr. Secretary.

Secretary BESSENT. Thank you.

Chairman HILL. I thank the gentleman.

The gentleman from New York, Mr. Torres, is recognized for 5 minutes.

Mr. TORRES. Thank you, Mr. Chair. During so-called Liberation Day, Donald Trump imposed tariffs on territories, populated not by humans, but by penguins. He imposed tariffs on countries with which the United States runs a trade surplus, not a trade deficit. He imposed tariffs on products that cannot be produced domestically which means a higher cost for American consumers without any benefit to American manufacturers. He imposed tariffs on impoverished nations like Lesotho, which cannot afford to buy as much from us as we buy from them.

If President Joe Biden had put in place these absurd tariffs, every single Republican, without exception, would have condemned his trade policy at the height of incompetence.

You, Mr. Bessent, would have joined that course of criticism. There is no doubt in my mind. Swap out Biden's name for Trump's and suddenly the moral outrage from Republicans vanishes like magic.

I have a simple yes or no question. Do you think excessive taxation undermines the competitiveness of American manufacturing.

Secretary BESSENT. Yes, sir.

Mr. TORRES. Now the Trump tariff regime is a breeding ground for the excessive taxation of American manufacturing. Consider as an example Intel's manufacturing of Central Processing Units (CPUs). Intel sources, foreign components, which are subject to the first layer of taxation. It then manufactures the CPUs in the United States before exporting it to China, which will face a second layer of taxation. Finally, China will export the CPU back to the United States where it will face a third layer of taxation. Taxation upon taxation upon taxation of American manufacturing goods.

Do you think that kind of compounding taxation of American manufacturing goods like Intel CPU will strengthen or weaken American manufacturing?

Secretary BESSENT. Sir, I just want to be clear, you are saying that taxes raises costs?

Mr. TORRES. I am sorry?

Secretary BESSENT. Sir, you are saying that taxes raise costs?

Mr. TORRES. Taxing the intermediate goods that go into manufactured products raise costs, yes.

Secretary BESSENT. You are saying that taxes are inflationary?

Mr. TORRES. Taxes are inflation—yes.

Secretary BESSENT. Good, then we should cut taxes—

Mr. TORRES. In the context of tariffs, yes.

Secretary BESSENT. Then we should cut taxes, and you should join the—

Mr. TORRES. Can you answer my questions about the tariffs?

Secretary BESSENT. I am not sure I understand—

Mr. TORRES. Intel CPU would face three levels of taxation, the taxes on the foreign components, the tax—the United States taxes, and the Chinese taxes, or the Chinese tariffs.

Do you think that kind of compounded taxation hinders or helps American manufacturing?

Secretary BESSENT. I think the strategic American manufacturer is very important like Intel, and I think we have to bring that back to the United States.

Mr. TORRES. Do you think taxing intermediate goods that go inside American manufactured products helps or hinders manufacturing?

Secretary BESSENT. I believe that as the Intel example you gave we have to bring these strategic industries back to the United States.

Mr. TORRES. We are not going to bring every component—a Boeing aircraft, 747, had six million components. There is no universe in which we are going to manufacture all six million components in the United States. If you impose a tax on those foreign components, you are hindering the manufacturing of Boeing 747 here in the United States. Do you even acknowledge that?

Secretary BESSENT. I acknowledge that the supply chains are wide, but we have also for the automakers, we have given an exemption—

Mr. TORRES. I am not asking about the automakers. I am asking about Boeing aircraft. Let me move on.

Critical minerals are central to military defense of the United States. China controls almost all of the world's rare earth mining and almost all of the world's critical mineral processing and refining.

The Trump Administration has chosen to wage a total trade war with China without first building a critical mineral supply chain here at home. Just like it would be foolish to enter a car race without enough fuel in the tank or enter our weightlifting competition without sufficient strength to lift the weights. It seems equally foolish to wage an all-out trade war on China without a domestic critical mineral supply chain, breaking China's strongest choke hold over the United States, the Chinese Communist Party's (CCP's) choke hold on critical minerals and rare earth elements is a precondition for winning the trade war against China. Do you agree with that?

Secretary BESSENT. I believe that we have to bring the rare earth—as you correctly said, processing back—or not even back to the United States, we have to have—

Mr. TORRES. Not even processing. It is rare earth mining as well and it is critical mineral processing and refining.

Secretary BESSENT. Strategic minerals—

Mr. TORRES. The weaponization of critical minerals against the United States is the opposite of making America safe again.

Secretary BESSENT. Rare earths are not that rare. Processing is rare.

Mr. TORRES. The binding is rare too. We have an insufficient mining industry here in the United States, and you know that.

Secretary BESSENT. Good. Then I hope you will join us in the deregulation of many of these onerous mining requirements.

Mr. TORRES. I think my time has expired.

Chairman HILL. I appreciate the gentleman from New York.

The gentlewoman from California, Mrs. Kim, is recognized for 5 minutes.

Mrs. KIM. Thank you, Chairman Hill, and Ranking Member Waters for holding this hearing.

Secretary Bessent, good to see you, and thank you so much for coming. Southern California, where I am from, and in the district that I represent serves as the primary gateway to Pacific Rim and Asian goods into the United States come through the ports of L.A. and Long Beach. We are already starting to see a drop in volume as the ports of L.A. and Long Beach are expected to see a 35 percent to 30 percent drop when compared to a year ago.

Cargo volume is one of the largest drivers in the region, and long-term drop will not just impact families at the grocery stores and small businesses bottom line but also result in truckers and dock workers losing their jobs.

Secretary Bessent, I would like to ask how can you ensure that our tariff policy will not unintentionally harm American small businesses and workers in the long term?

Secretary BESSENT. Congresswoman, we believe over the long term that it will drive growth in the economy. As I have said many times, it is a mistake to look at trade in isolation, the Trump eco-

conomic policy as a three-legged stool: trade, taxes, and deregulation. We believe that the sum of the parts—that the whole is greater than the parts. As we complete each one of those that the United States will see substantial economic growth.

Mrs. KIM. Thank you. I know that a lot of my constituents share these concerns that we raised. I would like to continue this discussion on this specific topic with you moving forward because I am concerned that these long-scale tariffs, if they continue in the long term, then American working families and small businesses will suffer under price hikes and a lack of certainty.

I want to shift gears and discuss the Financial Stability Oversight Council, FSOC. Under the previous administration, Secretary Yellen rescinded the nonbank systematically important financial institution and replaced with a new framework with assessing the financial risk. This new framework overlooks the importance of prioritizing an activity-based standard and a cost-benefit analysis.

Secretary BESSENT, does FSOC intend to reassess the 2023 guidance so that it is more closely aligned with the thoughtful process that was created in 2019?

Secretary BESSENT. Congresswoman, that is on our agenda.

Mrs. KIM. Thank you. As you finalize that decision, I want to emphasize that my support for a return to an activity-based standard that more appropriately addresses the risk of nonbanks. Thank you.

Secretary BESSENT. Treasury would be happy to work with your team on that.

Mrs. KIM. Thank you. Finally, I would like to urge you to continue your support for CDFI. CDFI fund programs are statutory, as you know. It has been critical in promoting the local economy in Orange County.

Do you still agree that the CDFI fund has a critical role to play in fostering economic opportunity? I think I know the answer because you stated very clearly in public statements.

Secretary BESSENT. We believe that the—if CDFIs follow their statutory obligations and do not digress in the more ideological boundaries, that they can be important institutions.

Mrs. KIM. Thank you. As you know, last week I attended the financial literacy roundtable that your team put together. Thank you so much for inviting me.

Secretary BESSENT. I think I just missed you.

Mrs. KIM. Your team was very well represented. Again, I want to thank you so much because as a Co-Chair of the Financial Literacy and Wealth Creation Caucus, events like that bringing the stakeholders together and having a meaningful dialog in conversation I think is critically important, and we need to continue that.

Can you talk about how you can continue to advance financial literacy initiatives? Now that we are past the financial literacy month, I mean, I was able to take the leadership and pass the bill that proclaims the month of April as the financial literacy month. I hope that we can continue to work in this space together.

Secretary BESSENT. As you should know that it is a strong core belief of mine that financial literacy is the only path to economic independence and well-being. The more Americans who can be educated—and I think we should probably go State to State and en-

courage each State to put in financial literacy standards for their students.

Chairman HILL. The gentlewoman's time has expired.

Mrs. KIM. Thank you very much.

Chairman HILL. The gentlewoman from Texas, Ms. Garcia, is recognized for 5 minutes.

Ms. GARCIA. Thank you, Mr. Chairman, and thank you to Secretary for being with us today.

I want to start first by just clarifying your testimony in its delivery. Why did you ask for your witness statement to be embargoed until this morning?

Secretary BESSENT. Pardon me? Pardon me?

Ms. GARCIA. Your testimony reads right at the top: Embargoed until delivery. Which means that we did not follow the usual practice of this committee of getting the testimony 24 hours in advance so that committee members can review it and prepare for questions. Yours was posted at 10:01. The committee was at 10. It looks like you did not—

Secretary BESSENT. My staff is just telling me that it is standard practice.

Ms. GARCIA. It is your standard practice? It is not our standard practice as a committee.

Secretary BESSENT. I am told that it was standard practice.

Ms. GARCIA. Okay. You were told by whom, sir?

Secretary BESSENT. So, my comps team and legislative affairs team working with the committee.

Ms. GARCIA. Mr. Chairman, I think for the record I think you should clarify that to the gentleman that is not our standard. I know that—at least I did not know anything about this until I got it here. I do not think our committee staff on the Democratic side was notified that we would be getting all your testimony late. I just wondered why you had made that request. Clearly at the top: Embargoed until delivery.

Secretary BESSENT. Embargoed till delivery I think that was mostly meant for the press.

Ms. GARCIA. We are not press, sir. We are the Members of Congress that have oversight.

Mr. Chairman, I would hope that you not condone this kind of late submission. It just does not help, frankly, for some of the atmosphere that is created. When we all just sit down and we still do not have your testimony, well, then, we just sort of do not feel really good about that. It is not our custom and practice.

Secretary BESSENT. Congresswoman, I appreciate the importance that you put on my statement.

Ms. GARCIA. Thank you. Notice is important, sir. You know what the poverty rate is in our country?

Secretary BESSENT. I believe that the poverty level is a fixed number.

Ms. GARCIA. No, do you know the poverty rate in this country?

Secretary BESSENT. I believe it is in the teens.

Ms. GARCIA. In the teens. Okay. It is about a little over 11 percent. It just strikes me that most of all of your testimony is always about the tax cuts and cutting costs. It is always about tax cuts, and it is always about the rich. Nothing is ever said about poor

other than you suggesting that you worked yourself through college.

Secretary BESSENT. No ma'am. No tax on tips. No tax on Social Security. No tax on overtime.

Ms. GARCIA. Sir, I read your testimony. That is not anywhere in here. That is not in here sir.

Secretary BESSENT. Deductibility of auto loans——

Ms. GARCIA. I am referring to your testimony, and what I have listened to. I said right upfront, I can see you, and I can hear you. You have not said one thing about what we are doing to help the poor. In fact——

Secretary BESSENT. None of your colleagues asked me.

Ms. GARCIA. Even when we were talking about the car seats, that impacts poor people more than anyone else. Because not only can they usually not even afford a car seat and have to go to a garage sale to find one, now it is going to be even higher. Your President is suggesting that he wants to give a \$5,000 bonus to women to have babies, and then what? Just leave them out in the cold alone, no car seat, no food? No Medicaid? No CHIP program?

Secretary BESSENT. Congresswoman, I can tell you the worst thing——

Ms. GARCIA. I am asking you right now, sir——

Secretary BESSENT. The worst thing for working families will be the expiration of the 2010 Tax Cuts and Jobs Act——

Ms. GARCIA. As Secretary of Treasury, it is not just about the inflation rate. It is not just about the GDP. It is also about making sure that we keep the poverty rate in this country low. There are people who are living in poverty that never have lived in poverty before. You also had failed to say here, you say unemployment remains low. I mean, the subject should have read: Unemployment went up.

Secretary BESSENT. Ma'am——

Ms. GARCIA. Because it did.

Secretary BESSENT. Under the Biden Administration——

Ms. GARCIA. We are not talking about Biden, sir. We are talking about your testimony here today about the current President and his plans. Because I can tell you, I am from Houston. I am concerned, too, about some of the tariffs on energy. We have done a lot to increase trade in Houston, construction, everything after the pandemic, and all things were growing. Everything has been growing but now that the Trump tariffs have surfaced, it is threatening Houston's economy. I represent the area where almost all the entire ship channel is in. The petro chemical companies are in my district. The port is in my district. Everybody is trying to figure out just what all we are going to do.

Chairman HILL. The gentlewoman's time has expired.

Ms. WATERS. Mr. Chairman.

Chairman HILL. Ranking member.

Ms. WATERS. I ask unanimous consent to enter into the record the opinion and order by the United States District Court in the Southern District of New York in the Matter of New York versus Donald Trump that directly contradicts several responses the Secretary gave to me about DOGE's access to Treasury payment systems.

Chairman HILL. Without objection.

[The information referred to can be found in the appendix.]

Chairman HILL. I want to thank our witness today. We appreciate Secretary Bessent's testimony.

Without objection, all members will have 5 legislative days to submit additional written questions for the witness to the Chair. The questions will be forwarded to our witness for his response.

Secretary Bessent, please respond no later than June 2, 2025. This hearing is adjourned.

[Whereupon, at 1:03 p.m., the committee was adjourned.]

APPENDIX

MATERIALS SUBMITTED FOR THE RECORD

Questions for the Record for Secretary Bessent

House Committee on Financial Services – May 7, 2025

Full Committee Hearing, entitled: “The Annual Testimony of the Secretary of the Treasury on the State of the International Financial System”

Chairman French Hill:

- 1) I agree with the President’s recent criticism of Moscow’s aggression against Ukraine. Seizing Russia’s frozen sovereign assets as part of our negotiations to end the war is long overdue. During last month’s Spring Meetings, I was pleased to hear from our European colleagues that support for this approach is growing in the EU. When will the Administration confiscate these funds, as authorized by the *REPO Act*, so that we can maximize the President’s leverage in peace talks?

Answer: The Administration is focused on supporting a diplomatic resolution between Ukraine and Russia. As Ukraine and Russia continue negotiations toward a peaceful resolution, all existing U.S. sanctions remain in place and continue to be enforced, including with respect to the immobilized Russian sovereign assets. All sanctions options remain on the table with respect to ending the war in Ukraine.

- 2) I appreciate the actions Treasury took in March to reduce the beneficial ownership reporting burden on Americans. If there is going to be a mandate for beneficial ownership information, I believe that we should make it easier to implement by giving individuals the option to submit their information with their tax return. The current FinCEN-only approach leads to confusion, complexity, and non-compliance, while also raising the risk of scams. If Treasury sees a need to solicit beneficial ownership details, would you work with me to explore an IRS option so that businesses can comply more easily?

Answer: Treasury is committed to ensuring beneficial ownership reporting requirements appropriately balance supporting American taxpayers and small businesses with addressing illicit finance risks and advancing the public interest. While including beneficial ownership information as part of an IRS information collection requirement may pose challenges, I am committed to working with you to further explore this option.

- 3) China has long surpassed the World Bank’s graduation threshold. By law, U.S. policy supports China’s graduation from World Bank assistance and requires the U.S. Executive Director to oppose Chinese projects. The U.S. should be adopting a similar posture at the Asian Development Bank. Will you seek a commitment from these institutions to graduate China by the end of the President’s term?

Answer: The U.S. posture toward China at the World Bank and ADB is for the country to stop borrowing and graduate. There is no justification for either institution to continue lending to China, and I have urged both to take concrete steps towards putting China on a clear path to graduation. I am engaged with both institutions to make that happen as quickly as possible.

- 4) Treasury has repeatedly highlighted problems with China's balance of payments data and its exchange rate management policies. However, according to the IMF's most recent Article IV staff assessment for China, the country receives a median rating of "B" for its data adequacy. Do you agree with the IMF's rating?

Answer: Treasury has repeatedly called on the IMF and China to meaningfully address data gaps, including external sector statistics and exchange rate management policies. The IMF's rationale for its rating reflects staff assessment that data provided bilaterally to the Fund is broadly adequate for surveillance, though Treasury continues to urge Chinese authorities and the IMF to transparently explain the recent divergence in China's balance of payments and customs data. In addition, while China's commitment to provide FX intervention data bilaterally to the Fund is a welcome initial step, we will continue to strongly urge the authorities to increase the transparency of their exchange rate regime, which will reduce the risk of policy miscommunication and associated market volatility.

- 5) The IMF's First Deputy Managing Director said last year that China, the world's most opaque major lender and by far its largest polluter, "plays an important and constructive role in supporting debt restructuring in low-income and vulnerable countries and promoting the green transition." The Managing Director's involvement with China during her tenure as World Bank CEO is well known. How can we expect the IMF to hold China accountable under the current leadership?

Answer: The IMF must continue to strengthen its macro-surveillance of China and push the PRC to improve transparency and data reporting. As I have made clear to IMF leadership, the Fund must call out China when it is not being a responsible steward of the international monetary system and explore ways to confirm China is engaging constructively in debt restructurings and not impeding country programs.

- 6) Are you considering any additional changes to the IMF's Lending into Official Arrears policy in response to China's approach to debt restructuring?

Answer: The Department of the Treasury will work with the IMF to improve implementation of the Fund's Lending into Official Arrears policy to prevent China from impeding country programs. In line with its core mandate, the IMF must also call out surplus countries like China that have pursued globally distortive policies and opaque currency practices for many decades.

- 7) In FY2024, the IMF budgeted around \$90 million for travel from its administrative budget. Nearly half of this amount was expended on 6,587 business class flights. In addition, the Fund spent another \$49 million in externally financed travel. The IMF has told the Committee that these funds are necessary for its activities, such as Article IV consultations. However, these levels would represent dozens of round-trip flights for every one of the IMF's 191 member countries each year, including 34 business class flights alone per country. Do you believe this kind of spending is appropriate?

Answer: Holding the IMF to maintaining a flat real administrative budget is a longstanding Treasury priority. The Fund uses income earned from their lending activities to finance their administrative budget. Treasury will continue to engage

with the IMF to push for the most effective use of Fund resources, including the use of virtual meetings where possible and a reduction in Management travel.

- 8) On May 8, Treasury reported to Congress the following: “The information available to the Department of the Treasury does not support a determination under section 1245(d)(5)(B) of the FY2012 NDAA for the time period between April 24, 2024 and April 1, 2025.” Given the breadth of this provision, Treasury’s non-determination suggests that its understanding of foreign financial institutions’ activities, particularly those in China, is unacceptably limited. What is the Office of Terrorism and Financial Intelligence doing to rectify this?

Answer: In close coordination with the Department of State, Treasury found that such a determination was not supported by the information available to us at this time. This finding was based on a careful and objective assessment of all information at our disposal against the threshold requirements set forth in the statute. Treasury is committed to implementing diligently ICESA and other Iran sanctions and continues to compile and assess all sources of information regarding the Iranian regime’s efforts to exploit the financial sector to gain illicit access to the international financial system and disguise the revenue it generates abroad, including revenue from its oil exports.

In addition, Treasury has imposed significant sanctions under other authorities in the spirit of ICESA and consistent with the President’s directive to drive Iran’s export of oil, including to the People’s Republic of China (PRC), to zero as part of the maximum pressure campaign against Iran.

For example, since March 20, Treasury has sanctioned three Chinese “teapot” refineries for their role in purchasing and facilitating the delivery of hundreds of millions of dollars’ worth of Iranian oil, as well as three Chinese port terminal operators for their role in facilitating the delivery of Iranian oil to China. Overall, Treasury has sanctioned over 200 Iran-related individuals and entities, and more than 70 vessels engaged in Iranian petroleum shipments, mainly to China, since March 20.

- 9) When you spoke to the American Bankers Association (ABA) on April 9, 2025, you said the Biden Administration banking agencies’ July 2023 proposal to implement the Basel III Endgame standards “is not ... the right starting point for our modernization efforts.” I agree, which is why I have called for the proposal to be withdrawn, repropose, and reopened for public comment. Is it your intention to follow the outcomes of rigorous regulatory and cost-benefit analysis, even if those results support requiring banks to hold less capital against certain risk-weighted assets?

Answer: We should not outsource decision making for the United States to international bodies. Instead, we should conduct our own analysis from the ground up to determine a regulatory framework that is in the interests of the United States. To the extent that the Basel III Endgame standards can provide inspiration, we could borrow selectively from them. But this should only be done to the extent that we can independently validate the underlying rationale and then make that rationale available for public comment.

- 10) When you spoke to the ABA on April 9, 2025, you expressed your commitment to more tailored regulation for community banks, which operate under fundamentally different models than large, complex institutions. Would you elaborate on the types of regulations and guidance – such as certain CFPB rules – from which you believe community banks should be exempt?

Answer: There might be strong cases for categorical exemptions of community banks from some regulations. Treasury is planning to look into this further.

- 11) When you spoke to the ABA on April 9, 2025, you discussed the need to define “unsafe and unsound” using more objective criteria rooted in financial risk. I agree. “Safety and soundness” gives regulators wide discretion that can allow regulators flexibility to act quickly when risks arise, but also risks being too subjective. Would you elaborate on how you plan to address this? Do you foresee changes happening through rulemaking and public comment?

Follow-up: Additionally, what are the most important supervisory reforms you believe should be made—whether to exam procedures, appeals processes, or something else?

Answer: The Treasury Department intends to drive a change in the culture of supervision through improvements to examination procedures, enhanced monitoring of examiners’ compliance with those procedures, and more realistic processes for appealing supervisory findings. Treasury wants our banking agencies’ supervision to be re-focused on material financial risks. The President’s August 7, 2025, Executive Order 14331, “Guaranteeing Fair Banking for All Americans,” instructs Federal banking regulators to remove the use of reputational risk that could result in politicized or unlawful debanking. A top supervisory reform would be to define “unsafe and unsound” by rule using more objective measures rooted in financial risk.

- 12) There are commonsense ways to build on the *Economic Growth, Regulatory Relief, and Consumer Protection Act* (S.2155) by tailoring regulations for banks that are performing well. There are examples of regulatory relief – like longer examination cycles – for well-managed and well-capitalized banks. The Community Bank Leverage Ratio (CBLR) is another good example. What additional forms of regulatory relief – such as expedited application processing – do you think make sense for well-run banks?

Answer: There might be strong cases for categorical exemptions of community banks from some regulations. Treasury is planning to look into this further.

- 13) When you spoke to the ABA on April 9, 2025, you mentioned that Treasury asked each of the bank regulators to consider removing reputational risk as a basis for supervisory criticism, an effort that has bipartisan support in Congress. You also confirmed this ask before the committee. Do you anticipate changes to exam manuals, or will this be pursued through a formal rulemaking process?

Answer: The President’s August 7, 2025, Executive Order 14331, “Guaranteeing Fair Banking for All Americans,” instructs Federal banking regulators to remove the use of reputational risk that could result in politicized or unlawful debanking.

- 14) The Basel Committee on Banking Supervision (BCBS) is made up of central banks and regulatory authorities, but politically accountable finance ministries have no direct role. This can lead to a lack of oversight and public input – unlike what’s required under U.S. law, such as the *Administrative Procedure Act*. As the U.S. considers its engagement with groups like the BCBA, what principles guide your approach?

Follow-up: What changes are you considering implementing to maintain the benefits of U.S. participation while protecting U.S. regulatory sovereignty?

Answer: Executive agencies have important expertise and responsibilities, including being the U.S. voice when technical standards on financial regulation are set. But those responsibilities must also come with oversight and accountability—to the people, through their elected representatives in Congress, and to the President, as leader of the Executive Branch. The goal of any such engagement must be to strongly advocate for U.S. interests. In financial regulation, this includes the U.S. interest in a well-functioning financial system, where U.S. institutions can compete on a level playing field. Americans deserve to know that regulators are advancing American interests, both at home and abroad. The President has made it a priority to exercise appropriately strong oversight of independent agencies. This extends to their international activity, and we support Congress’s attention to this important topic.

- 15) The U.S. helped found the BCBS to promote strong, consistent regulatory standards abroad – creating a level playing field for U.S. firms and reducing global financial risk. But the BCBS can drift from that mission. How do you believe the U.S. can preserve its influence in the BCBS while minimizing or eliminating the organization’s negative outgrowths?

Answer: America First means we are doubling down on our engagement with the international economic system, including at the BCBS. Working closely with the U.S. Executive Agencies that represent the United States at the BCBS, we will refocus the BCBS on its core mission of promoting a level playing field and reducing global risk – and as we have seen in the past, when there is a level playing field in financial services, U.S. firms thrive.

Chairman Frank D. Lucas:

- 1) How did the Treasury market function during the extreme market volatility in April? How would you characterize the ability of the market to absorb that volatility during that period?
- a. Which investors were responsible for the sell-off during this time and why?

Answer: Trading conditions in the Treasury market generally remained orderly. Changes in measures of secondary market liquidity were commensurate with changes in market volatility over the same timeframe. The market was able to accommodate significant transfers of risk as daily transaction volumes reached record highs approaching \$2.5 trillion.

I don’t believe that there was anything systemic about what transpired in the Treasury market in April. Rather, I think there was an uncomfortable, but normal, de-leveraging in the bond market.

- 2) You've said the Department has a very large toolkit that you may deploy to address any market volatility that may occur. What indicators would warrant the Department's intervention?

Answer: The Department monitors a broad range of qualitative and quantitative factors, across primary and secondary markets, to assess the ongoing health of Treasury market functioning. In considering what actions may be appropriate, Treasury would expect to consider a variety of factors and the facts and circumstances surrounding a particular disruptive event.

- 3) You've said there may be regulations preventing primary dealers from using their balance sheet for the benefit of the U.S. Treasury. What regulations may be preventing primary dealers from engaging in the Treasury market?
- a. Are you working with your colleagues at the FDIC, OCC, and the Federal Reserve to address those barriers? If not, can you commit to working with your colleagues in addressing these barriers?

Answer: Leverage capital requirements are supposed to function as a backstop to risk-based requirements, but certain leverage capital requirements (such as the eSLR) can risk becoming a binding constraint instead of a backstop. It is possible that this has reduced demand for and/or intermediation of Treasury securities by dealers. The banking regulators are currently developing a proposal on this issue.

- 4) During the hearing, you said that the Treasury Department does not look at the Supplementary Leverage Ratio (SLR), yet in a speech to the American Bankers Association, you stated that "the Treasury Department intends to play a greater role in bank regulation." Is there a reason why the Treasury Department is excluding itself from looking into the SLR despite its intention to play a greater role in bank regulation?
- a. Would you support the prudential regulators exempting Treasuries and reserves from the supplementary leverage ratio and enhanced supplementary leverage ratio?

Answer: The banking regulators are currently developing a proposal on this issue.

Chairman Ann Wagner:

In February, several members of this Committee and the Senate Banking Committee sent you a letter voicing concerns about the European Union's Corporate Sustainability Due Diligence Directive, or "C S Triple D".

This directive, which was finalized by the EU last year, will require many American companies to evaluate their supply chains and end certain business activities—not based on U.S. law, but due to UN "principles."

This directive not only hurts our economic competitiveness but also undermines our jurisdictional sovereignty.

It would force both public and private companies to comply with regulations that have not been

approved by Congress, while also exposing them to increased litigation risk in the EU.

- 1) When your predecessor, Secretary Yellen, was in front of this Committee two years ago, she vocalized concern about this Directive. Do you share that concern?

Answer: Treasury remains concerned that the EU's Corporate Sustainability Due Diligence Directive (CSDDD), given its extraterritorial reach, will have negative impacts on U.S. businesses, the U.S. economy, and U.S. legal and regulatory regimes. We are committed to the President's America First agenda, to engaging on this issue, and to advancing U.S. interests at home and abroad.

- 2) As the Administration continues negotiations with the European Union, will you commit to pushing the EU to end the extraterritorial reach of this Directive?

Answer: Treasury staff are carefully monitoring the proposed changes to the CSDDD in the EU Omnibus Simplification Package and engaging European counterparts about our concerns regarding CSDDD's extraterritoriality and potential negative impacts. As this legislation moves through the negotiation process at the Council of the European Union and European Parliament, Treasury intends to continue to communicate U.S. concerns and seek to shape the legislative outcome in a manner that contributes to U.S. economic strength.

Chairman Dan Meuser:

- 1) In response to my questions, you indicated that answers to certain inquiries of my Democratic colleagues were addressed in current litigation that focuses on DOGE and the Treasury's Bureau of Fiscal Service. Could you expand upon that?

Answer: At the time of the hearing, members were referencing matters that were under litigation. On May 28, a court ruled that there have been no laws broken regarding DOGE or the Treasury's Bureau of Fiscal Services. I would point you to the full ruling and declarations filed in those cases for further details (*Alliance for Retired Americans et al. v. Bessent et al.*, and *State of New York et al. v. Trump et al.*).

Representative Zach Nunn:

- 1) Secretary, thank you for your leadership in bringing relief to small businesses through your rulemaking related to beneficial ownership reporting requirements. As of January 1, 2025, millions of small business owners now face a daily fine of up to \$591 and up to two years in jail. While Treasury has done a tremendous job to lessen that concern, do you agree that 32 million small businesses deserve immediate clarity and relief by passing legislation to give them a one-year extension?

Answer: On March 21, 2025, Treasury's Financial Crimes Enforcement Network issued an interim final rule that removes the requirement for U.S. companies and U.S. persons to report beneficial ownership information. This interim final rule is a victory for common sense and part of President Trump's bold agenda to unleash American prosperity by reining in burdensome regulations, in particular for small businesses that are the backbone of the American economy.

In advance of that interim final rule, Treasury also announced that it will not enforce any penalties or fines associated with the beneficial ownership information reporting rule under then-existing regulatory deadlines, and that it will further not enforce any penalties or fines against U.S. citizens or domestic reporting companies or their beneficial owners after the interim final rule took effect.

Taken together, Treasury believes that its announcement and the interim final rule provide clarity and relief to U.S. small businesses as to any immediate concerns.

- 2) The integrity of our financial systems and national security infrastructure depends heavily on the security of government networks and the protection of sensitive data. Recent reports regarding the breach of the U.S. Treasury's systems, linked to Chinese hacking groups, highlight the growing threats posed by state-sponsored cyber activities. Chinese hackers accessing more than 3,000 unclassified agency files is unacceptable.

- a. What specific systems or data were compromised during the Chinese cyber intrusion, and how is the Treasury assessing the scope of the breach?

Answer: Treasury determined that files stored locally on unclassified end user devices were accessed during this intrusion. These included unclassified documents related to the work of some Departmental Offices staff. Analysis of these files indicated that some of the documents were publicly accessible, such as white papers, while others were more sensitive materials such as organizational charts, Law Enforcement Sensitive data, credentials and passwords saved by Treasury personnel for accessing Treasury systems, and Treasury employees' personally identifiable information.

The scope of the breach was assessed through Treasury's robust incident response procedures, including a full characterization of threat activity – such as analysis of over 30 million log entries – a thorough review of accessed data and systems by Treasury staff and third-party security practitioners.

- b. What immediate and long-term cybersecurity measures has the Department implemented in response to the intrusion to prevent future breaches of this nature?

Answer: Upon becoming aware of the breach, Treasury immediately took action to deactivate and quarantine Departmental Offices' BeyondTrust service. Treasury began a robust incident response process, including (but not limited to): performing detailed and targeted forensic analysis of the affected unclassified laptops and desktops, acquiring and analyzing more than 30 million log entries, analyzing 90 days of network traffic, and working internally and with external cybersecurity experts to validate that the threat actor was no longer in our environment and conduct a thorough assessment of the impact.

Treasury is committed to protecting our systems – and the data they hold – from our adversaries. We are evaluating competitive alternatives to the impacted service and vendor; examining potential options to further monitor incident detection activity more aggressively; reviewing and strengthening protocols surrounding the use of technical support tools; and conducting reviews of default language for information

technology contracts to ensure common processes and reporting for incident notification, as well as clauses that obligate vendors to engage in timely cooperation regarding requests for information and technical assistance.

Furthermore, Treasury has increased engagement with the Department of Homeland Security's Cybersecurity and Infrastructure Security Agency to further enhance Treasury's existing threat detection and mitigation capabilities.

- c. Has the Treasury coordinated with other federal agencies or international partners to attribute the attack and respond diplomatically or economically to the Chinese government's involvement?

Answer: In the last year, Treasury's Office of Foreign Assets Control sanctioned 10 Chinese individuals and entities involved in malicious hacking of the United States. When applicable, these actions have been coordinated and occurred concurrently with the unsealing of complementary indictments and the announcement of U.S. Department of State Rewards for Justice. These designations were part of a series of recent Treasury actions aimed at combatting malicious cyber activity by the PRC and PRC-based actors. Treasury continues to coordinate with interagency partners to highlight and respond to this threat, including in the [Annual Threat Assessment](#) published by the Office of the Director of National Intelligence.

Treasury works closely with the Department of State on diplomatic outreach related to Chinese government-supported malicious cyber activities done concurrently with OFAC sanctions. They also work consistently with the Department of State's Rewards for Justice program to obtain information leading to the identification or location of any person who, while acting at the direction or under the control of a foreign government, engages in malicious cyber activities against U.S. critical infrastructure.

- 3) Secretary, thank you for helping the United States establish itself as a leader in digital assets. Bitcoin mining taxation poses unique challenges for companies operating in this sector. Today, the IRS treats mined Bitcoin as immediately taxable income, regardless of whether or when the miner sells it. This approach contrasts sharply with the tax treatment of other extractive industries, like gold mining, where revenue is only recognized upon selling the extracted asset.
 - a. This immediate taxation of mined Bitcoin creates problems for businesses, especially given Bitcoin's extreme price volatility. The value of Bitcoin can swing dramatically between the time it is mined and the time it is sold, exposing miners to the risk of being overtaxed or undertaxed based on the timing of the transaction.
 - b. To create a fairer and more economically consistent tax framework, we should recognize revenue from Bitcoin mining only when the miner sells or disposes of the asset. This change would align Bitcoin mining with traditional extractive industries, ensuring miners aren't taxed on assets they haven't yet converted into income.
 - c. Treasury has not revisited this issue since IRS Notice 2014-21. Can you commit to taking administrative action—possibly as early as this spring—to ensure that

American Bitcoin miners are not taxed under rules that differ from every other extractive industry in this country?

Answer: The President's Executive Orders entitled "Strengthening American Leadership in Digital Financial Technology" and "Establishment of the Strategic Bitcoin Reserve and United States Digital Asset Stockpile" establish the Administration's policy with respect to digital assets, including support for the responsible growth and use of digital assets and blockchain technology. The Executive Orders establish the Administration's policy as one that cultivates, rather than impedes, innovation and positions the United States as a leader among nations in government digital asset strategy. The United States has long been the home of innovators and to the largest and deepest capital markets in the world. Together, these are the engine of growth.

Pursuant to the Executive Orders, Treasury made recommendations as to whether previously issued tax regulations, guidance, or other items affecting the digital asset sector should be rescinded or modified, or whether items other than regulations should be adopted in a regulation. Treasury is developing proposals for additional tax legislation and tax guidance that will clarify and provide certainty with respect to the taxation of digital assets to promote innovation and growth of the digital asset sector in the United States.

Chairman Bryn Steil:

- 1) So far this year, the OCC, FDIC, and Federal Reserve have reversed previous statements and guidance that effectively stonewalled banks from serving digital asset-related customers and adopting blockchain technology themselves. While this is a positive development, it merely brings us back to square one. As our market regulators work to enable tokenization in our capital markets, how is Treasury coordinating efforts to ensure that financial institutions can safely and soundly participate in this emerging ecosystem?

Answer: President Trump has stated he is focused on making the United States the global leader in digital assets, which is why he signed an executive order within the first few days of his administration on *Strengthening American Leadership in Digital Financial Technology*. As directed by the executive order, Treasury is working across the Administration to review how regulations affect the digital asset sector and provide regulatory clarity to the market that achieves the Administration's goals. We are committed to maintaining meaningful engagement with industry to understand how the Administration can best support our financial institutions in responsibly leading in this space. In addition, Treasury is actively engaging with Congress about legislative efforts in both the House and Senate.

- 2) I am encouraged to see the Administration taking a holistic approach to accounting for the government's assets, including digital assets, real estate, and other holdings. It is prudent to have a full and accurate understanding of the government's balance sheet and to serve as responsible stewards of taxpayer resources. President Trump's Executive Order establishing the Bitcoin Strategic Reserve directs you and the Secretary of Commerce to develop strategies to acquire additional Bitcoin, provided such strategies are "budget-

neutral.” To that end, I want to ensure that the federal government does not rely on accounting maneuvers that ultimately place the burden on taxpayers. What specific acquisition strategies are you considering to ensure that new Bitcoin purchases are truly budget-neutral, consistent with the President’s Executive Order?

Answer: In line with the mandate in the President’s Executive Order, we are in the early stages of working with our colleagues at the Department of Commerce to develop potential acquisition strategies that place no incremental burden on the American taxpayer.

- 3) During the Biden Administration, political pressure was placed on the FSOC to designate non-bank financial companies as systemically important financial institutions (SIFIs), and thus subject them to prudential capital requirements that only make sense for complex banking entities.

In 2023, the FSOC adopted revised guidance on non-bank financial designations that demoted the activities-based approach to systemic risk and eliminated several important prerequisites to designation that were put in place under the Trump Administration’s 2019 guidance, including (1) conducting a cost-benefit analysis and (2) assessing the likelihood of a financial nonbank’s distress.

Do you believe that FSOC designation authority should only be used sparingly and as a last resort, after exploring other options such as an activities-based approach to systemic risk and allowing the primary financial regulatory agency to address the risk?

Answer: I believe the FSOC’s process for designation of nonbank financial companies should address potential risks to financial stability in a way that is analytically rigorous, transparent, and appropriate for the level of risk. For American financial institutions to thrive, they need clear expectations and rules that are appropriate for their activities and risks.

- 4) On March 31, 2025, members of the House Financial Services Committee wrote to you in your role as Chairman of the FSOC. That [letter](#) explains that the November 2023 revised guidance for designating nonbank financial companies and new framework for identifying, assessing, and responding to financial stability risk abandoned responsible changes to the designation process made in 2019 during the first Trump Administration.

As Chair of FSOC, will you commit to review the 2023 Guidance on non-bank financial designations put in place by the Biden Administration and consider rescinding it in favor of the 2019 Guidance so that FSOC prioritizes an activities-based approach to systemic risk?

Answer: I believe the FSOC should monitor and address potential risks to financial stability in a way that is analytically rigorous, transparent, and appropriate for the risk. I look forward to reviewing and engaging on this issue.

Representative Stephen F. Lynch

1. On March 26, 2025, reporting came out on who the 19 members were on multiple Signal chats regarding impending military action against rebel factions in Yemen. In that chat, there was a “Scott B.”
 - a. Please confirm the following with a yes or no: Are you the “Scott B.” who was in that so-called, “Houthi PC small group”?
 - b. After this group chat was leaked, reports came about that former National Security Advisor Michael Waltz was photographed using signal again with the same people, including the vice president and the Secretary of Defense. Were you part of this second Signal chat that was photographed on Mike Waltz’ phone?
 - c. If yes in either case, did you suggest to your high-ranking colleagues that such discussions related to national security and the business of government should not be occurring through an unsecured mobile application?

Answer: As this topic has been in litigation, I would respectfully direct you to the cases filed in the U.S. District Court for the District of Columbia (*American Oversight v. Hegseth*) which includes public declarations on this matter.

2. Are you currently using Signal on your personal or work phone to engage in work-related discussions of any kind?
 - a. If so, has that use of this application been approved by cybersecurity officials at the Department of Treasury?
 - b. Are those messages being archived, as required by law?

Answer: As this topic has been in litigation, I would respectfully direct you to the cases filed in the U.S. District Court for the District of Columbia (*American Oversight v. Hegseth*) which includes public declarations on this matter. However, I would also flag a December 18, 2024 Cybersecurity and Infrastructure Security Agency report urging highly targeted individuals to immediately review and apply certain best practices to protect mobile communications. The first of those recommendations is to “[a]dopt a free messaging application for secure communications that guarantees end-to-end encryption, such as Signal or similar apps.”

3. Why might it be troublesome for high-level government officials, like a cabinet secretary or those acting on their behalf, to use an unsecured line, software, or hardware to discuss issues related to America’s national security?

Answer: See answer to Question 2.

4. Republicans recently pushed through legislation in this Committee that not only bans the U.S. from issuing a central bank digital currency (CBDC) – something that the U.S. is not currently planning to do – but it also prevents the U.S. from researching CBDCs and engaging on a global stage. If that bill were to become law, the U.S. would be retreating on

the global financial stage to allow China and other nations to set global standards and spread the influence of non-dollar cross-border transactions and trade.

- a. How might passage of the Republicans' anti-innovation law forbidding U.S. activity on CBDCs affect the U.S. dollar and the U.S. banking industry? How might such a ban help China and other competitors?
- b. What is the United States doing to make cross-border payments cheaper and faster, given the modernization efforts underway at Swift, as well as in the peer central banks in the European Union, United Kingdom, and Japan.

Answer: Executive Order 14178 prohibits any action to establish, issue, or promote Central Bank Digital Currencies (CBDCs) within the jurisdiction of the United States or abroad. A CBDC may threaten financial stability, individual privacy, and the sovereignty of the United States. This administration's policy is to protect the international role of the U.S. dollar, such as through the promotion of U.S.-dollar stablecoins and other private sector innovations, while CBDC's are a sign of economic weakness. Treasury supported the GENIUS Act, which was recently signed into law by President Trump to promote the issuance of well-regulated, U.S. dollar-denominated stablecoins, which will be important for improving cross-border payments. More generally, the Administration engages with international counterparts and institutions on initiatives to explore improvements to domestic payment systems, financial market infrastructures, and cross-border payments in order to protect the primacy of the dollar-based payment system. Treasury works to counteract adversary jurisdictions' efforts to reduce reliance on existing payments infrastructures, in which the U.S. dollar and U.S. institutions play central roles.

5. Congressional Republicans have been working towards passing legislation regulating stablecoins. The current version of the bill is not where it should be, however, and there are still several concerns surrounding the bill.
 - a. As you might know, President Trump's World Liberty Financial has issued his own stablecoin conveniently named "USD1." Should the President be able to issue his own stablecoin despite the fact that he oversees the drafting of stablecoin legislation for the Administration and oversees the federal regulators, including your agency?
 - b. Stablecoin issuers in foreign jurisdictions can present a national security concern. The largest stablecoin by market capitalization is Tether (USDT) which is issued outside of the U.S. Experts caution that if there is not sufficient oversight by U.S. regulators, stablecoins like Tether could "provide a useful workaround to avoid U.S. sanctions." Tether was also under criminal investigation last year for possible violations of sanctions and anti-money-laundering laws. Under the STABLE Act, 18 months after enactment, custodial intermediaries are prohibited from offering or selling payment stablecoins in the United States unless the payment stablecoin is issued by a permitted stablecoin issuer. However, there are no criminal penalties tied to this provision, unlike Ranking Member Waters' stablecoin bill. Without such penalties, will this provision be effective in practice?

- c. The STABLE Act makes it clear that stablecoins do not enjoy the backing of FDIC insurance; however, there is no provision that prohibits Treasury, the Fed, or other government agencies from providing a taxpayer-funded bailout of these weakly regulated entities, relative to banks. Do you think Treasury should use taxpayer money to bailout a potential stablecoin crash?

Answer: The GENIUS Act, recently signed into law by President Trump, provides a comprehensive regulatory framework for stablecoins and supports the administration's commitment to promote the development and growth of lawful and legitimate U.S. dollar-backed stablecoins worldwide. This law will mitigate illicit finance risks, including requirements for foreign issuers to be subject to anti-money laundering and countering the financing of terrorism controls. Strong measures are critical to ensure that foreign issuers benefiting from the U.S. dollar's primacy, security, and stability do not compromise U.S. national security and other interests and do not leave U.S. issuers at a competitive disadvantage.

- 6. On March 6, 2025, President Trump signed an Executive Order called the "Establishment of the Strategic Bitcoin Reserve and United States Digital Asset Stockpile". In the Executive Order, President Trump directs you and the Secretary of Commerce to develop strategies to acquire additional government Bitcoin provided that "strategies are budget neutral and do not impose incremental costs on United States taxpayers."
 - a. What are your plans to carry out these plans, and to prevent any costs to United States taxpayers?
 - b. President Trump's sons launched a new company called American Bitcoin which will focus on industrial-scale Bitcoin mining and a strategic Bitcoin Reserve development. Does this present a conflict of interest?
 - c. President Trump's memecoin is traded on Solana, which could be included in the U.S. Digital Asset Stockpile, and which President Trump mentioned explicitly on social media when describing the U.S. Digital Asset Stockpile. Does this present a conflict of interest?

Answer: In line with the mandate in the President's Executive Order, we are in the early stages of working with our colleagues at the Department of Commerce to develop potential acquisition strategies that place no incremental burden on the American taxpayer. President Trump's administration is committed to creating assets for the American people, of which the Bitcoin Strategic Reserve and U.S. Digital Asset Stockpile is just one example.

Representative Gregory Meeks:**Burma**

1. I wrote the *Burma Act* which was signed into law a few years ago. Have you looked at adding new sanctions against Burmese entities that are supporting the Burmese military, which holds the unholy distinction of having committed a coup and a genocide in the past decade?
2. Is the Administration considering sanctioning Myanmar Economic Bank?

Answer: Since the February 2021 military coup in Burma, Treasury has designated key revenue generators for the regime and actors involved in the procurement of arms and related materiel, including state-owned banks, mining-related SOEs, the Ministry of Defense, and numerous other companies, government officials, and enablers of the regime. Treasury also issued a directive prohibiting the provision of financial services to the Myanmar Oil and Gas Enterprise (MOGE) and issued a determination authorizing the imposition of sanctions on individuals or entities operating in the jet-fuel sector of Burma's economy. While we do not comment on possible or pending investigations regarding specific targets, we will continue to use the full range of sanctions and other tools at our disposal, including the BURMA Act as appropriate, to disrupt the military regime's repression and violence against the people of Burma.

Syria

3. Were experts at OFAC consulted before President Trump announced he is lifting all sanctions on Syria?

Answer: The Department of Treasury's Office of Foreign Assets Control is consistently evaluating our Syria sanctions policy and coordinating closely with the State Department and the White House to ensure that sanctions are meeting our foreign policy and national security goals. This evaluation includes consulting with Congress, which we look forward to continuing, including as required by the Caesar Syria Civilian Protection Act.

On June 30, 2025, President Trump issued an [Executive Order \(E.O. of June 30, 2025\)](#) that removes U.S. sanctions on Syria, effective July 1, 2025. Sanctions will remain on Bashar al-Assad and his associates, human rights abusers, Captagon traffickers, persons linked to Syria's past proliferation activities, ISIS and Al-Qa'ida affiliates, and Iran and its proxies.

Ukraine

4. Given his desire to end the war, why has the President not imposed any secondary sanctions on purchasers of Russian oil, that are funding the invasion of Ukraine?

Answer: The Administration is focused on supporting a diplomatic resolution between Ukraine and Russia. As Ukraine and Russia continue negotiations toward

a peaceful resolution, all existing U.S. sanctions, including those on Russia's energy sector, remain in place and continue to be enforced. Treasury is ready to take action as appropriate to support a durable and lasting peace.

Representative Joyce Beatty:

In 2016, former Secretary Jack Lew announced that abolitionist Harriet Tubman was to be the new face of the \$20 bill, with a projected circulation date of 2030. However, during President Trump's first term, this project was put on hold. Over the last four years, Secretary Yellen worked to get the Treasury back on track to meet its original timeline for circulation of the new currency.

What is the current status of this project, and what specific steps have you taken to ensure that Treasury continues this project and meets its 2030 circulation timeline?

Answer: Currency is redesigned to make it more secure against counterfeiting. The redesign timeline is driven by security feature development and the sequence for the denominations is driven by current and potential security threats.

The currency design process is complex and significant testing is required for the notes to be production ready. Once production is underway, the Board of Governors of the Federal Reserve System, as the issuing authority, will determine the actual issue dates for the redesigned notes.

Representative Rashida Tlaib:

The President's chaotic tariff policies are raising prices for my constituents and disrupting supply chains as we speak. Chuck Dardas, the President and COO of AlphaUSA, an automotive manufacturing company in my district, has called the current tariff regime an "existential threat" to his business due to rising prices and the difficulties—absent complementary industrial policy—of transitioning to domestic suppliers. As he notes, "[p]rotecting American manufacturing requires more than tariffs, it requires a comprehensive strategy that supports businesses, employees, and consumers alike." I urge you to abandon the current chaotic, across-the-board tariff regime, in favor of targeted and strategic tariffs that are part of a broader industrial strategy to create good union jobs while transitioning to a 21st century clean energy economy.

Given the President's crypto projects, the current tariff regime also creates profoundly troubling opportunities for corruption and influence. Freight Technologies Incorporated is a technology company that facilitates trade between the US, Canada, and Mexico. Recently, the company announced that it was spending up to \$20 million dollars to purchase the President's crypto coins. Freight Technologies Incorporated's press release explicitly stated that the purchase of Trump tokens was quote "an effective way to advocate" for its preferred trade policies.

1. Secretary Bessent, does it create an opening for corruption when a company seeking to influence government policy can pour millions of dollars into a venture financially benefiting the President?

Answer: As Treasury Secretary, I have directed the Department to follow all applicable laws and ethical obligations.

2. Continuing on the topic of tariffs, the Wall Street Journal and other outlets have reported that the Administration plans to use tariff negotiations to isolate China by pressuring other countries to cut economic ties with China in exchange for reduced tariffs. This pressure may damage our relationships with important allies, like Japan, that have or desire strong economic connections with both the United States and China. Secretary Bessent, do you intend to use tariff negotiations with third countries to isolate China economically?

If so, can you explain how splitting the world into two hostile economic blocs won't destabilize the global economy, poison countries against the U.S., and turn China into a permanent enemy of the U.S.?

Answer:

As you are aware, President Trump's trade strategy prioritizes America's economic strength by protecting both our national and economic security, driving investment and innovation, and delivering tangible benefits for working families, farmers, and small businesses. Enhancing U.S. competitiveness in the global economy and expanding opportunities for Americans remain central goals in our discussions with trading partners, who recognize the importance of these priorities.

For too long, prior administrations relied on flawed assumptions in their economic policies, choices that allowed foreign nations to advance their interests while undermining America's role as a leading industrial and economic power. By contrast, President Trump's America First trade agenda defends American producers, ensures fair and reciprocal access to overseas markets, and negotiates from a position of undeniable strength.

Combined with the President's pro-growth tax reforms, reduced regulatory burdens, and leadership in energy development, this trade agenda is laying the foundation for a thriving economy that puts Americans at the forefront.

In November, President Trump signed a monumental deal with China on our economic and trade relationship. The agreement includes Chinese commitments to halt the flow of precursors used to make fentanyl, eliminate China's export controls on rare earth elements and other critical minerals, and open the Chinese market to U.S. soybeans and other agricultural exports. We will continue our discussions with China to confirm the implementation of previous agreements and address the lack of trade reciprocity in our economic relationship and our resulting national and economic security concerns.

Turning to the debt crisis facing many middle- and low-income countries, over 3.3 billion people live in countries that spend more on debt interest payments than on health or education. While the Global South debt crisis is obviously a threat to the well-being of a tremendous share of the global population, it also impacts the U.S. economy, since developing countries need access to dollars to buy our goods. Yet, in 2023, developing countries spent \$1.4 trillion dollars to service their debt, draining the foreign currency they

would need to purchase our exports.

3. Secretary Bessent, will you commit to using the voice, vote, and influence of the United States to provide debt relief to developing countries?

Answer: I commit to using the voice, vote, and influence of the United States to provide bilateral debt relief when it promotes the recovery of U.S. taxpayer money and has been authorized and appropriated by Congress.

Lastly, given media reports about access to the Bureau of Fiscal Service granted to Department of Government Efficiency employees, I have several questions about the International Treasury Services (ITS) system, through which Federal agencies provide international payments.

4. Secretary Bessent, since you were confirmed as Treasury secretary, have any changes been made to the ITS system and if so, what are those changes? Please include policy changes as well as code level changes.

Answer: No policy or code level changes have been made to the ITS system since I was confirmed.

5. Since you were confirmed as Treasury secretary, has data been downloaded from the ITS system and shared with another element of the Federal Government or outside the Federal Government? If so, who was that data shared with, what did the data consist of, and what was the purpose of that data sharing?

Answer: Consistent with normal processes and procedures, payment information is routinely shared when requested and allowable within Treasury's authorities. Payment data has been downloaded from the ITS system and shared with Federal agencies and employees when required to fulfill their duties and mission.

6. Do Treasury security interest payments run through the ITS system and if so, have there been any changes to the processing of payments to international bondholders since your confirmation?

Answer: Treasury security interest payments do not run through the ITS system.

7. Have payment files processed by ITS been sent to an administrative agency to check if they were consistent with Trump administration executive orders under your tenure? Has the processing of any payment files been halted or terminated? If so, why?

Answer: Payment files processed by ITS have been sent to a Federal Agency for review for valid legal reasons and when needed for an agency to fulfill its compliance responsibilities. Treasury has not independently terminated or halted any payments unless directed by certifying officer as part of normal course of business.

8. Are you concerned about elevated volatility in financial markets reducing liquidity in foreign exchange markets? Why or why not? What implications would a low level of foreign exchange liquidity have for your policy agenda and its prospects for success?

Answer: We track a range of indicators across foreign exchange markets and based on these we remain confident that foreign exchange markets continue to function smoothly.

Representative Sylvia R. Garcia:

1. In Houston, tariffs on Mexico span across industries, from produce departments at our grocery stores to car dealerships. We rely on Canadian lumber and steel to build homes and office buildings for all those folks moving to Texas. We also rely on Canadian crude oil imports through Houston's port to run our refineries across the United States. Tariffs on those imports, when they are re-enacted, will lead to an immediate spike in gasoline and diesel prices. Secretary Bessent, when this happens, are you and the President going to cover the difference in gas prices for my constituents? Are you going to give them jobs when the companies start firing them?

Because I can guarantee you that once the construction companies get the tariff bill for all the lumber, steel, and goods, they have to cut costs somewhere. You were a hedge fund manager. You know as well as I do that the bosses won't be taking it out of their own paycheck, so that leaves the everyday hard-working Americans. The ones who already have to choose between paying rent on time and putting food on the table. You can do the math.

2. You testified before House Appropriations that you expect a "substantial reduction in tariffs." Secretary Bessent, do you really believe that is going to happen?
3. You also said that you expect "fair trade will bring back high-paying precision manufacturing jobs to the United States." How do you expect to create jobs when there's nothing to build with?

We cannot create these precision manufacturing jobs for batteries and semiconductors with China restricting rare earth materials critical for U.S. tech and defense manufacturing in response to our tariffs. Don't you see the problem here? The people paying are our constituents. Doesn't matter who they voted for. Doesn't matter if they live in red or blue districts. Although I'll add that the red districts are projected to bear the brunt of the impact. They will pay for these misguided tariffs, whether it is on Amazon, at the grocery stores, at the gas stations, or with their jobs. I hope you realize this soon and work with House Democrats to make sure that the U.S. economy isn't in a recession by your next visit.

Answer: For several decades, the international economic system was built on faulty assumptions which led to a significant buildup of economic imbalances that have harmed American workers, families, and businesses, and threatened our national security. President Trump is focused on implementing a robust and reinvigorated trade policy that defends our economic and national security, promotes investment and productivity, and benefits American workers, manufacturers, and businesses.

The core aim of the Administration's policies is to better shape the international economic system to benefit the United States in the long-term. That includes counteracting the Chinese Communist Party's ability to deny critical inputs to the U.S. economy. The realignment of the international economic system to better serve

the interests of the American people, along with the implementation of pro-growth regulatory and tax policies and the freeing of American energy production, will unleash the American economy.

Representative Williams (GA):

On March 28th, my congressional staff sent a congressional letter via electronic email to the Executive Office of the President, condemning the Administration's Executive Order titled: "Continuing the Reduction of the Federal Bureaucracy". Specifically focused on how the Order included the Community Development Financial Institution (CDFI) Fund and the Minority Business Development Agency (MBDA).

The CDFI Fund is critically important for me and my district that includes the City of Atlanta. The city has one of the largest racial wealth gaps in the country and many of my constituents and stakeholders rely on the CDFI Fund to help with homeownership.

The Atlanta Neighborhood Development and Partnership, Inc. has been able to introduce and provide more than 250 families in Metro Atlanta to homeownership through the New Markets Tax Credit program. To that point, you have also mentioned the CDFI fund being quote: "very important" and even you mentioned after the President's Executive Order that quote: "This Administration recognizes the important role that the CDFI Fund and CDFIs play in expanding access to capital" for "communities across the United States".

1. Secretary Bessent: I would love to know if you had prior knowledge from the President's team about the inclusion of the CDFI Fund in the Executive Order? If so, did you raise any objections or concerns?
2. Secretary Bessent: Do you still believe that? If so, why did the White House release a budget document last week asking Congress to eliminate all of the discretionary grants that CDFIs typically receive?

Answer: The CDFI Fund plays an important role in expanding access to capital in underserved communities. The budget reflects a broader strategy to increase efficiency and impact by exploring new ways to mobilize private capital. Treasury remains focused on ensuring that CDFIs are supported and positioned to meet the needs of underserved communities.

In issuing the budget plan, the White House characterized the CDFI Fund as a "woke program" and "cultural Marxism".

3. Secretary Bessent, as the head of the U.S. Department of Treasury, do you legitimately agree with that description?
 - a. Does Treasury have recent data on CDFI locations? If so, is it still accurate to say that % of CDFI locations are in Congressional Districts represented by Republicans?
 - b. During the President's first term he didn't feel that way when Democrats and Republicans passed a package to secure a historic investment of \$12 billion to

support CDFIs as well as minority depository institutions (MDIs). Why has the President changed his stance on the issue?

Answer: The CDFI Fund is a mission-driven program focused on addressing market gaps in access to capital. During the first Trump Administration, the \$12 billion investment reflected an urgent need to respond to the economic disruptions of the pandemic. The current budget reflects a shift toward long-term strategies to scale impact, including increased private-sector participation.

As Treasury Secretary, you have an obligation under the law, in coordination with Federal banking regulators, to preserve and promote minority development institutions.

4. Secretary Bessent, What are your current plans and what steps are you and your colleagues taking to preserve and promote MDIs and are you willing to share those plans with Committee? Please provide an estimated timeframe.

Answer: Pursuant to the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, the Treasury Department will continue to promote and preserve MDIs so they can continue to effectively serve their local communities.

Secretary Bessent, President Trump's DEIA Executive Order directly conflicts with several requirements required by Dodd-Frank.

5. Though your agency has affirmed it will follow the law, I would like you to confirm that Treasury is adhering to the following statutory mandates instituted by Congress and not the President's executive order.
 - a. Is Treasury currently taking affirmative steps to seek diversity in the workforce at all levels?
 - b. Is Treasury currently ensuring, to the maximum extent possible, the fair inclusion and utilization of minorities, women, and minority-owned and women-owned businesses in all business and activities of the agency at all levels, including in procurement, insurance, and all types of contracts?
 - c. Is the OMWI Director advising you on the impact of Treasury's policies and regulations on minority-owned and women-owned businesses?

Answer: OMWI continues to perform its statutory functions as required by law and is being provided the budget and resources commensurate with those statutory obligations. Further, Treasury continues to ensure that all work is done with the highest standards of professionalism, in accordance with all legal obligations, including those under anti-discrimination and whistleblower protection laws.

It has been reported that Wall Street executives were alerted about potential trade agreements with other countries before Congress or the public.

6. Were you aware of any such conversations? Were you involved in these conversations?

- a. How will you ensure the interests of small businesses are protected?

Answer: I am not aware of any such conversations. This Administration is negotiating new trade agreements which will benefit all Americans.

The U.S. dollar has fallen to a three-year low – as confidence in U.S. markets falls. In the past, you have profited when betting against the British and Japanese currencies.

7. As Treasury Secretary, you serve an important and influential role in the administration and in the global market. Do you commit that you and the Trump administration are not betting against the U.S. dollar?

Answer: I strongly believe the dollar must maintain its status as the world's reserve currency. The United States offers the deepest, most liquid markets, sound institutions, and strong property rights, making it the focal point of global finance. The Trump Administration will continue to implement policies that support these fundamental attributes.

Hundreds of employees at the FDIC and OCC have been illegally fired or will be laid off in the coming months.

8. How does the Trump administration plan to monitor and protect against systemic risk without the bank regulators?

Answer: The Trump administration aims to make financial regulation more efficient, effective, and appropriately tailored. I look forward to continued engagement with the bank regulators through the FSOC to coordinate changes to our regulatory framework and address systemic risk issues.

President Trump and members of the Administration have claimed that egg prices have fallen, but evidence suggests that egg companies are getting government bailouts while they continue to price-gouge customers.

9. How has the Administration determined that prices of eggs have fallen?

Answer: According to the Bureau of Labor Statistics, the average price for a dozen, grade A, large eggs was \$3.49 in September, down 44% from the average price in March.¹

10. Key grocery goods have reached or matched historical highs. Boneless chicken breast is priced at \$4.16 per pound on par with historical highs of 2022-2023 and above any price prior to 2022. Ground beef is at an all time high at \$5.79 per pound and coffee is at an all time high at \$7.39 per pound. What is the Administration doing to bring down the cost of food?

Answer: The Trump Administration is focused on bringing costs down for American households. From 2020 to 2024, the all-food CPI rose by 23.6%, and the

¹ [U.S. Bureau of Labor Statistics, Average Price Data, Eggs, Grade A, Large per Dozen](#)

administration has already made headway to reverse those inflationary trends. In the latest CPI report for September, food-related prices remained relatively stable with a 0.2% increase on a monthly basis after decreases earlier this year.

11. What is the administration doing to crack down on price gouging in order to address the cost of living crisis?

Answer: The President issued a Cost-of-Living Executive Order on January 20, 2025, requesting the heads of all executive departments and agencies to deliver emergency price relief, consistent with applicable law, to the American people. The EO requested departments suggest actions that would lower the cost of housing and expand housing supply, eliminate counterproductive requirements that raise the cost of home appliances, and eliminate climate policies that increase the cost of food and fuel. The Treasury Department provided suggestions to the President for a number of these categories, and I look forward to continuing to work with Congress on this issue.

Ranking Member Waters:

America and the International Economy

1. President Trump has told the American people that by boosting tariffs on every nation around the globe, he will raise so much revenue that most Americans will not only stop paying income taxes, but he might also rename the IRS, the Internal Revenue Service, the "External Revenue Service."² He is claiming that his tariffs will end income taxes for good and allow the government to pay Americans instead. President Trump has further claimed repeatedly that tariffs are paid by the foreign country from which the import originates.
 - a. The Trump tariffs policy has three seemingly contradictory objectives: raising revenue, protecting domestic industries, and serving as a negotiating tool. For tariffs to raise substantial revenue, they must be low enough to allow imports to keep entering the country, therefore not protecting domestic industry. If tariffs are to protect domestic industry, however, then they must be high enough to prevent imports from entering the country, therefore raising little revenue. And tariffs can't steadily fund the government or protect domestic industry if they're frequently applied and then withdrawn in international negotiations. How do you reconcile these three conflicting objectives?
 - b. How do the tariffs, as proposed, raise so much revenue that Americans will no longer have to pay taxes? Are the amounts raised by these tariffs in the short-term (e.g., March and April 2025) sustainable in the long-term, if American businesses and consumers turn away from paying the import tax and should the Administration succeed in replacing most imports with domestic suppliers?
2. Last month, the International Longshore and Warehouse Union (ILWU) issued a statement of policy that projected massive job losses and higher consumer prices as a direct result of Trump's tariffs. It said that Trump's self-inflicted trade war, "and other reckless, shortsighted policies have begun to devastate American workers, harm critical sectors of the economy, and line the pockets of the ultra-wealthy at the expense of hardworking families. The tariffs have also sown distrust among our allies and inflamed geopolitical

tensions. These tariffs are nothing more than a direct attack on the working class and should be opposed outright.”

- a. How are President Trump’s tariffs impacting consumer prices now and how will they impact consumer prices when the so-called “pause” expires?
 - b. How will President Trump’s tariffs impact American jobs, especially those driven by or involving imports?
 - c. How will the tariffs impact our international relationships, specifically with countries who have been long-standing allies? Do our allies, many of whom have existing trade agreements with the United States, appreciate being subject to the sudden imposition of sharply increased tariffs?
 - d. President Trump ran a campaign claiming that his economic policies would lower consumer prices – on Day One – and put money back in the pockets of the working class. How are President Trump’s ongoing trade negotiations going to help the working class?
3. President Trump designated Treasury, not the U.S. Trade Representative (USTR), as the lead in ongoing trade negotiations, despite USTR’s statutory role in handling such negotiations. Treasury would not typically have the manpower and expertise to manage such complex trade negotiations, especially not with dozens, 70, or “200” nations at once. This must be especially difficult, as the Trump Administration has fired or forced out career staff at Treasury and other federal agencies and as it has initiated a hiring freeze across the executive branch.
 - a. What have you done to build that expertise in-house so you can quickly and successfully complete these purported negotiations, whether two or “200”, with Japan, China, South Korea, India, and so on?
 - b. How are you effectively leading trade negotiations with a limited staff?
 4. In a recent interview at the American Bankers Association, you said, “For the next four years, the Trump agenda is focused on Main Street. It’s Main Street’s turn. It’s Main Street’s turn to hire workers. It’s Main Street’s turn to drive investment, and it’s Main Street’s turn to restore the American Dream.” However, according to a recent Main Street Alliance survey, 81.5% of small business owners reported that they would have to raise prices on their customers and over one-third of those business owners would have to laying off their staffs due to Donald Trump’s tariffs. For example, Beth Benike, military veteran and owner of the Minnesota small business, Busy Baby, had to launch a GoFundMe because the impacts of the Trump tariffs on China were so extreme. What do you say to American business owners like Beth Benike who are on the verge of losing their businesses and livelihoods, who are desperate for the Trump Administration to change its course on tariffs?
 5. In April 2025, the U.S. government declared a national emergency because of the persistent trade deficit.

- a. How do persistent trade deficits create a national emergency?
- b. Why in your opinion is the trade deficit now a national emergency? When was the last time the trade deficit was declared a national emergency?
- c. How will the proposed tariffs solve the trade deficit?

Answer (Questions 1-5): For several decades, the international economic system was built on faulty assumptions which led to a significant buildup of economic imbalances that have harmed American workers, families, and businesses, and threatened our national security. President Trump is focused on implementing a robust and reinvigorated trade policy that defends our economic and national security, promotes investment and productivity, and benefits American workers, manufacturers, and businesses.

Persistent trade deficits have threatened our national security as they have led to a hollowing out of our industrial base, which impacts our defense industrial base. Additionally, persistent trade deficits have created dependencies on the rest of the world for critical parts of the supply chain from everything from basic consumer goods to high-tech national defense goods. COVID-19 was a real-life demonstration of the risks in our supply chains.

The core aim of the Administration's policies is to better shape the international economic system to benefit the United States in the long-term. The realignment of the international economic system to better serve the interests of the American people, along with the implementation of pro-growth regulatory and tax policies, and the freeing of American energy production, will unleash the American economy.

6. What do you believe keeps faith in the dollar strong, compelling nations to continue to use the U.S. dollar as the safe-haven and global reserve currency? Do you regard that status as desirable?
 - a. How do you see the Trump Administration's economic policies impacting such dollar primacy, whether that's the president's chaotic trade war, threats of tariffs and sanctions against allied nations (e.g., against Colombia as a response to its rejection of deportation flights⁷), or the lack of a clear, stable economic policy?

Answer: I strongly believe the dollar must maintain its status as the world's reserve currency. The United States offers the deepest, most liquid markets, sound institutions, and strong property rights, making it the focal point of global finance. The Trump Administration will continue to implement policies that support these fundamental attributes.

Domestic Finance Issues with Treasury Implications

7. The Treasury market took quite a ride after the President announced his global tariffs last month. As you know, the Treasury 10-year yield jumped a significant 60 basis points in three days, going from a low of 3.87% on April 7 to 4.47% on April 9, the biggest three-day jump since December 2001. Trump said in response, "The bond market is very tricky. I was watching it. People were getting a little queasy." Some have speculated that hedge

funds were deleveraging, others were worried investors, especially foreign investors, were no longer seeing the U.S. as a safe haven it long has been, especially given how chaotic Trump's tariff plans have been and the way he has attacked the Federal Reserve's independence. Is Treasury staff working with an interagency working group to investigate the matter, similar as has been done when the Treasury market had similar stress events, like in the 2014 flash rally?

- i. If so, when should we expect a report?
- ii. If not, why not?

Answer: No. I don't believe that there was anything systemic about what transpired in the Treasury market in April. Rather, I think there was an uncomfortable, but normal, de-leveraging in the bond market.

- 8. Some have suggested regulators should exempt Treasuries from the Supplementary Leverage Ratio (SLR) as a means to support Treasury market resilience, though others, like former Treasury Under Secretary Nellie Liang, stress that any adjustment to SLR or other capital and leverage measures for this purpose should be offset such that the overall large bank capital requirements are reduced. Do you agree that regulators should not reduce overall bank capital requirements? Why or why not?

Answer: Leverage capital requirements are supposed to function as a backstop to risk-based requirements. However, I have previously raised concerns about whether the leverage capital restrictions are too frequently binding. The banking regulators are actively looking into potential policy options to ensure that leverage capital functions as an appropriate backstop.

- 9. What is the appropriate level of capital that large banks should maintain that balances all of the costs and public benefits of such requirements, ensuring that these institutions are safe and sound and that their failure doesn't cause the kind of catastrophically costly financial crisis like the one we saw in 2008?
 - a. What analysis are you relying on for your conclusions?
 - b. Will Treasury staff conduct a comprehensive cost-benefit analysis to determine what is an appropriate level of large bank capital requirements and publish it?

Answer: Modernizing regulatory capital could level the playing field across banks and nonbanks, enhance banks' ability to support innovation and economic growth, and improve their safety and soundness. Treasury staff will work closely with the bank regulators to determine appropriate bank capital levels that support main street economic growth while ensuring the continued safety and soundness of our financial system.

- 10. You have attacked the Biden Administration's efforts to look at climate-related financial risks, apparently concluding they are not a so-called "material financial risk" that regulators should worry about. If you believed that, then why did the Financial Stability Oversight Council, at your first meeting on March 20, take time to discuss how climate-

related disasters were impacting the homeowners' insurance market? Will you be doing any more work, either through FSOC or the Federal Insurance Office, on this front?

Answer: President Trump is committed to addressing the cost-of-living crisis for American families, including on housing costs, which is why he signed an executive order on his first day in office on *Delivering Emergency Price Relief for American Families and Defeating the Cost-of-Living Crisis*. Treasury is working to achieve this goal. On May 2, the Treasury's Federal Insurance Office hosted a roundtable discussion with representatives from the insurance sector, including insurers, reinsurers, brokers, state regulators, resilience and consumer groups, and academics to discuss ways to lower costs and maintain availability of homeowners insurance. The roundtable included a discussion on the drivers of homeowners insurance costs, including replacement costs, housing density, population movement to risky areas, litigation costs, extreme weather events, and regulatory differences across states, as well as current efforts by the insurance sector, state and local governments, and regulators to address homeowners insurance challenges.

11. After Trump fired CFPB Director Chopra, you were picked to serve as Acting Director, and you issued unprecedented directives to have most of the staff stop working. Which provision in the Dodd-Frank Wall Street Reform and Consumer Protection Act gave you or any other CFPB Director the authority to tell staff to stop fulfilling your statutorily-required duties?

Answer: As this topic is currently in litigation, I would respectfully direct you to the case filed in the U.S. District Court of the District of Columbia (*National Treasury Employees Union et al. v. Vought et al.*).

12. You have an obligation under the law, Section 308 of FIRREA, to coordinate with the banking regulators to preserve and promote minority depository institutions, or MDIs. What are your plans do you have to preserve and promote our nation's MDIs?
 - a. Please explain why the Trump Administration exposing consumers to significant harm and creating an unlevel playing field for MDIs by trying to eliminate the CFPB that oversees their big bank and big tech competitors.
 - b. If the cost of goods go up through tariffs, won't that make it harder for MDI customers to stay on top of their loans, and possibly go into default and in turn, harm those MDIs?

Answer: Treasury remains committed to fulfilling its statutory responsibilities under Section 308 of FIRREA and will continue to coordinate with the relevant regulators as required.

13. Small businesses are the cornerstone of our economy, though I am very concerned Trump's chaotic tariffs may put some of them out of business. Several years ago, Congress renewed Treasury's State Small Business Credit Initiative, or SSBCI, to deploy funds to states, territories, and tribal governments, and let them work with local financial institutions to provide affordable capital to help a small business grow and thrive. What steps are you taking at Treasury to work with states to ensure small businesses across the country are aware of this program and can the loans, investments, and technical assistance they need

through their state SSBCI program?

Answer: To support SSBCI Capital Program participating jurisdictions in their efforts to expand the availability of funding and credit for small business, Treasury staff engages in extensive outreach to ensure the exchange of best practices, promote peer learning among jurisdictions, and provide resources to more effectively partner with the private sector lending and investment entities necessary to deploy the capital. Furthermore, through the SSBCI technical assistance programs, Treasury has set aside over \$200 million to support legal, accounting, and financial advisory services to help businesses connect to loans and investments supported by SSBCI and other federally backed sources of capital. These grants support jurisdiction's efforts to educate business owners on potential capital sources, work with owners to help them prepare to apply for new sources of capital, and help lenders and investors identify potential new customers.

14. You recently said that you wanted to work with Congress on deposit insurance reform to expand coverage for business payment accounts. I introduced a bill late last year that would do that, after getting significant input from former Chairman McHenry's staff, the FDIC, Treasury Department, and after convening a member roundtable with industry stakeholders. Do you support the framework outlined by my bill?

Answer: I look forward to working with Congress to consider reforms to deposit insurance, including potentially higher limits for business payment accounts.

15. Please explain what other post-SVB reforms you would like to see. For example, you said that having an SVB executive on the board for the San Francisco Fed was a form of regulatory capture. Is that an issue that Congress should take up?

Answer: The supervisory failures at the heart of the 2023 banking crisis should have been a wakeup call. As the FRB's review noted, its supervisors did not fully appreciate SVB's vulnerabilities as it grew in size and complexity. When risks were identified, they did not take sufficient steps to ensure that SVB fixed those problems quickly. The result was the third largest bank failure in United States history. It was a supervisory failure. Our financial regulatory agenda starts with a fundamental refocusing of supervisors' priorities. We expect leadership to drive a culture that focuses on material risk taking, rather than box checking.

16. Last year, you proposed that a shadow Federal Reserve chair should be created, modeled on British politics, where the opposition party names a shadow Cabinet that advances policy alternatives.¹⁰

- a. Do you believe in Fed Independence?
- b. If so, what does that look like to you? For example, what role should Treasury and the White House play with the Federal Reserve's decision making?

Answer: I support the Federal Reserve's independence with respect to monetary policy.

17. Experts have warned that it is practically impossible to isolate monetary policy from other functions that the Federal Reserve carries out. For example, Fed economists may work on data that the FOMC needs to make a decision on setting interest rates, though that same data may also be helpful to the regulatory staff in issuing regulations for banks it regulates. Will the Administration's new mandate that the White House OMB review the Fed's regulations and budget, even with an exemption for monetary policy, still infringe on the Fed's independence to carry out monetary policy?

Answer: I support the President's Executive Order on Ensuring Accountability for All Agencies including its exemption for the Board of Governors of the Federal Reserve System and the Federal Open Market Committee in its conduct of monetary policy.

18. It is important to Committee Democrats that our financial institutions have confirmed appointees that can respond to market reactions to President Trump's economic policies. Please provide the Administration's detailed reasoning for not putting forward a nominee to serve as chair of the FDIC or CFPB Director?

Answer: The Secretary of the Treasury does not have the authority to put forward nominees for those positions. That authority resides with the President.

19. What role, if any, did you play in the firings of NCUA Board Members this year? Was that decision something that you advised the President or others in the Administration? Please provide any details on the role you played in the President making that decision and your views on whether that decision politicizes the agency?

Answer: As the President's termination of NCUA Board members is currently in litigation, I would respectfully direct you to the case filed in the U.S. District Court for the District of Columbia (*Harper et al. v. Bessent et al.*).

20. Would it be appropriate for any President to fire an NCUA Chair or Board member if the agency took an enforcement action against a business owned by a family member or close friend of the President's?

Answer: As the President's termination of NCUA Board members is currently in litigation, I would respectfully direct you to the case filed in the U.S. District Court for the District of Columbia (*Harper et al. v. Bessent et al.*).

International Financial Institutions

21. In your April 2025 speech to the Institute for International Finance, you asserted that the Trump Administration supports "all of the above" energy projects at the multilateral development banks. Yet President Trump talks about "burn, baby, burn" and reinvigorating coal and other fossil-fuel energy production, at the expense of wind, solar, and other renewable energy options.
- a. Please explain what you mean by "all of the above" in execution as it applies to the MDBs and explain how the Trump Administration views the MDBs' role in a sustainable energy future. Also, does the policy that you described in your speech mean that the U.S. Treasury Department will advocate and support only for nuclear power

projects and fossil-fuel projects or that it will support nation's needs for all types of projects, including wind, solar, and other renewable energy options?

Answer: Energy abundance is required for economic abundance. As I said in my speech, the World Bank must be responsive to countries' energy priorities and needs and focus on dependable technologies that can sustain economic growth. In my speech, I supported an all-of-the-above approach that is tech neutral and prioritizes affordability in energy investment. This does not exclude any specific technologies that can provide affordable, abundant energy access. Rather, it focuses on prioritizing increasing access to affordable and reliable energy so that countries have access to finance for all technologies that can provide affordable baseload generation.

- b. Is President Trump supportive of "all of the above" energy approach that you described in your speech? Were you speaking on behalf of the Trump Administration when you said that?

Answer: I was speaking in my role as Secretary of the Treasury.

22. The IMF has a serial borrower problem, what some might call "extend and pretend," where some countries just keep coming back to the IMF for program after program without ever implementing the difficult reforms necessary to get the country back onto a stronger fiscal path. What can the IMF do to try to solve this problem, while also making sure that the appropriate social protections are put in place to protect those in or near poverty from bearing the brunt of reform?
- a. Would you support greater IMF engagement with host-country civil society organizations and greater embedded transparency, especially for the citizens of these nations, to help the nations to enact sustained, supported reforms that could be more effectively implemented?
23. Local experts in countries like Kenya and Sri Lanka have flagged major gaps in IMF oversight—pointing to failures in procurement transparency, asset declaration, and public financial management. These issues undercut public confidence and suggest that government accountability and transparency reforms are too often superficial, or simply unenforced.
- a. What steps will Treasury take to ensure that the IMF not only listens to in-country stakeholders and experts during loan implementation, but also integrates their input into enforceable accountability and transparency conditions for disbursement?

Answer (Questions 22-23): The IMF must hold countries accountable for implementing economic reforms. We look forward to working with the IMF to help ensure that borrowers are held to a high standard and that Fund's financial and technical support is effectively leveraged to resolve balance of payments challenges. Moreover, the IMF has made progress over the years in deepening its engagement with key stakeholders outside of government to help strengthen country ownership over IMF reforms that can improve program outcomes. Recent IMF analytical products, such as governance diagnostic assessments in countries like Sri Lanka and Kenya, are playing a key role in identifying governance and transparency gaps

as well as specific reforms actions to fill these gaps.

24. Republicans, like former World Bank President David Malpass, have long supported a legislative change that would grant the World Bank's International Development Association the same SEC registration exemption already enjoyed by other multilateral development banks. This change could unlock nearly \$700 million in additional resources for countries over the next five years, all at no cost to the American taxpayer. A bill to make this change has passed the House in successive Congresses.

a. Do you and the Trump Administration support this effort to increase the IDA's impact?

Answer: I understand the potential benefits offered by exempting IDA from SEC registration, and appreciate the efforts made by Congress in this regard. The President's FY26 budget request includes a request for this exemption.

25. Referring to the IFIs, you said, "America First doesn't mean America alone." How do your comments square with President Trump's seemingly contradictory February 4, 2025, Executive Order to examine possible U.S. withdrawal from these same institutions, among other international organizations?

Answer: President Trump's Executive Order launching a review of international intergovernmental organizations in which the United States is a member will be used to determine which organizations, conventions, and treaties are contrary to the interests of the United States and whether such organizations, conventions, or treaties can be reformed. This review is comprehensive and includes all such organizations. U.S. leadership at the IFIs is the primary mechanism through which we mobilize other countries to shoulder the financial burden of supporting a strong and balanced global economy. They continue to be critical and cost-effective partners in advancing many of the United States' national security, economic, and diplomatic priorities.

26. Late last year, the U.S. has made a \$4 billion pledge to the 21st Replenishment of the International Development Association (IDA21), the lending arm of the World Bank that provides grants and below market-rate loans to the world's poorest countries. As over half of IDA borrower countries are in debt distress or at high risk of debt distress and nearly two-thirds of low-income countries are classified as fragile and conflicted situations (FCS), these concessional resources are critical to these countries' stability and fiscal sustainability. Furthermore, under the IDA21 policy framework, these resources will be used to create jobs, improve debt transparency, and promote an enabling environment for the private sector. How do you view the role of IDA in supporting FCS countries? How does the Trump Administration justify its proposed reduction of America's pledge to IDA21?

Answer: We believe IDA has many elements that align with President Trump's America First agenda to make America safer, stronger, and more prosperous. This includes IDA's support to countries facing fragility and conflict situations, through the provision of social services for FCS countries and policies that promote job creation, economic growth and macroeconomic stability, which we believe will help

reduce migration pressures and the potential for conflict spillover.

The request for IDA funding that was included in President Trump's FY2026 budget proposal reflects better burden sharing with other donors. We continue to review how participating in IDA can help to make America safer, stronger, and more prosperous.

China

27. China's resistance to transparently account for its foreign lending and participate in global debt relief efforts has been a source of concern over the past decade. The country's unwillingness to restructure bilateral debt continues to hinder the timely disbursement of IMF funding that is desperately needed for countries around the world. In fact, it seems that China has a de facto veto over the IMF's debt restructuring efforts because it can decline to participate in the restructuring of its own, often predatory, loans. However, countries continue to accept loans from China because these loans are perceived as more attractive than IMF loans in some instances.
 - a. How should the IMF evolve to better counter China as a lender and how responsive is IMF leadership to U.S. concerns?
 - b. Similarly, the IMF must rely on the data that countries provide for the work it does. Do you believe that the Chinese government is providing accurate data to the IMF?
 - i. How do you see the IMF holding China accountable and ensuring it plays by the rules as a responsible participant (including transparency about its bilateral financing)?

Answer: The IMF must ensure that it is balancing the financing needs of countries in crisis with the need to protect its own shareholder-provided resources and financial stability. The IMF cannot and should not provide blank checks to countries and expect nothing in the way of economic reforms, as China does. The IMF can, however, strengthen its efforts to ensure that its reform programs do not sacrifice growth at the expense of fiscal prudence and galvanize broader in-country support for needed adjustment policies. It must call out China when it is not being a responsible steward of the international monetary system, as I have made clear to IMF leadership, and it must also warn potential borrower countries of the dangers of accepting Chinese loans. The IMF has been responsive to U.S. concerns, and has made progress working with countries, including China, to increase the transparency around lending and borrowing. However, there is much room for improvement, and Treasury will continue to press the IMF to hold China to account in debt negotiations and the reporting of lending data.

28. This Committee has held several hearings in the last Congress on the issue of outbound capital flows to foreign adversaries, particularly China, and the impact of those investments on our national interests. Through an executive order, President Biden initiated an Outbound Investment Security Program which launched under Treasury in early January 2025. Since then, President Trump has directed Treasury to review this rule to determine whether the rule provides, "sufficient controls to address national security

threats.” He suggests that the program could be ended, if not modified.

- a. Please share the number of filings Treasury has received for its outbound investment security screening program since its launch on January 2, 2025.
- b. How many transactions have been and are being reviewed by Treasury staff in its first several months?
- c. Do you agree that it’s important for the U.S. to screen and, in some cases, limit select types of investments in countries of concern?

Answer: The Outbound Investment Security Program is an important new tool in our effort to restrict foreign adversaries from exploiting U.S. investment to advance their development of key technologies and products with national security implications for the United States. Consistent with President Trump’s America First Investment Policy, the Administration is working to ensure that the Outbound Investment Security Program allows American business to thrive while making sure that they, too, put America First and do not undermine U.S. national security interests. Treasury is actively receiving notifications and monitoring compliance with the program.

29. The Outbound Investment Security Program exempts from review the hundreds of billions of capital that had already flown from the U.S. prior to the January 2nd start of the program, either directly into companies based in China or offshore investment vehicles that in turn invest in companies based in China.
 - a. Do you think it is a good idea to blind ourselves to investment decisions that pose national security concerns just because they were made in the past?
 - b. Isn’t it in our interest to have the ability to review or at least know about the continued commitments that U.S. investors owe to companies that create products or services that carry risks to our national security?
 - c. President Trump’s executive order suggested possible modifications to the Outbound Investment Security Program. Please describe some of the modifications that you’re considering as part of your review of the outbound investment security program. Does this include the possibility of a look-back provision so that U.S. investments that existed prior to January 2, 2025, would be subject to the rule, or the inclusion of other categories of investments that are currently exempted under the proposed rule?

Answer: In general, the final rule establishing the Outbound Investment Security Program does not have retroactive application due to fairness considerations. However, when Treasury issued the final rule, it clarified that in situations where a U.S. person signs *prior to January 2, 2025* a binding agreement with or with respect to an investment target that is a covered foreign person under the rule, and the transaction’s completion date is *after* January 2, 2025, the notification and prohibition requirements are applicable. Furthermore, where there is a follow-on investment made after January 2, 2025, it could be subject to the notification and prohibition requirements even if the initial transaction that pre-dated the effective

date of the rule was not.

Pursuant to the directives in recent Presidential memoranda, Treasury is working with the Administration to evaluate whether the Outbound Investment Security Program is appropriately scoped to be responsive to developments in technology and the strategies of countries of concern. We are considering new or expanded restrictions on United States outbound investment in the PRC in certain sectors and with respect to certain investment types. We also are considering the feedback we have received over the first few months of the program's operation and thinking about where adjustments might be made, including through discussions with our partners in Congress.

30. Private equity funds and other private funds that raise capital in the United States almost exclusively use methods and certain exemptions under the securities laws that were meant for privately-held operating companies. These capital-raising activities are unregistered and, therefore, unregulated, and this Committee has had difficulties ascertaining the extent of these activities. As far as we know, the Administration, too, is unable to accurately assess the scope of capital-raising activities in the U.S. by private funds that are directed at China.
 - a. What are some of the risks associated with the opaque and often untraceable capital raising activities by private funds?
 - b. As we on the Hill are still contemplating the creation of an outbound investment review mechanism by law, what deficiencies would exist if that plan does not specifically capture the activities of private funds?

Answer: In recognition of the PRC's ability to exploit private investments—including by private equity and private funds—in pursuit of its advancement in sensitive technologies and products critical for its military, intelligence, surveillance, or cyber-enabled capabilities, the Outbound Investment Security Program covers certain private equity and private fund transactions.

31. According to a study by Coalition for a Prosperous America, the Thrift Savings Plan—which hundreds of thousands of federal employees save their retirements through, and which is largely managed by world's largest asset manager BlackRock—offers mutual funds that are exposed to companies owned or controlled by the Chinese Communist Party. Specifically, of the 5,000 different funds offered, the study found at least 22 are China-only funds – none of which carry any specific warnings for potential TSP investors. This is just one example how passive investing by Americans can fuel China's economy.
 - a. Should Congress contemplate ways to warn investors about the specific risks associated with investing in China-based companies, including impact on American workers, climate, human rights, etc?
 - b. How should passive investing and index investing be captured by the Outbound Investment Screening Program codification being contemplated by Congress?

Answer: For some China-based companies, the risks you describe are significant. In cases where there are material risks of which investors should be made aware,

Treasury supports the disclosure of such risks in accordance with existing laws and regulations.

Pursuant to the directives in recent Presidential memoranda, Treasury is working with the Administration to evaluate whether the Outbound Investment Security Program is appropriately scoped to be responsive to developments in technology and the strategies of countries of concern. Among other areas, we are considering the restrictions on investment types including private equity, venture capital, greenfield investments, corporate expansions, and investments in publicly traded securities, from sources including pension funds, university endowments, and other limited-partner investors. I look forward to continuing to engage with Congress on this important issue.

32. On June 3, 2021, President Biden signed Executive Order 14032 to prohibit U.S. companies and individuals from investing in certain publicly traded China-based companies that are involved in China's military or surveillance technology sectors.
 - a. In your view, should Congress and the Administration consider similar prohibitions for U.S. private equity investment in private sector firms which may have similar ties to the Chinese military and state surveillance apparatus?
 - b. Under what circumstances might the U.S. consider whether American investments in foreign economies is, essentially, underwriting our own competition?

Answer: Treasury shares your concerns regarding the flow of investment to certain companies in the People's Republic of China (PRC). Treasury will continue to use all tools available to prevent China's military-industrial companies' exploitation of U.S. capital to develop and modernize the Chinese military, and to further the President's objectives in deterring investment in the PRC's military-industrial sector.

33. China has become a significant lender to many of our Caribbean neighbors. For example, China's Export-Import Bank has provided a concessional loan worth \$121 million to the country of Barbados and a \$192 million concessional loan to Guyana. In both cases, these loans were focused on infrastructure.
 - a. Why would China be interested in investing in vulnerable Caribbean countries?

Answer: Treasury is acutely aware of China's interest in gaining diplomatic points of leverage in the region, including China's historic use of official and semi-official financing, and we actively review our strategies with this fact in mind. New Chinese lending in the Caribbean, however, has declined precipitously in recent years, and Chinese financing execution often falls short of public announcements.

- b. What might be the consequences, vis a vis, China and Great Power Competition, if the United States does not ramp up its own lending and engagement in the Caribbean region?

Answer: Through our leadership at the IFIs, the United States has supported

Caribbean countries in enacting sound policy frameworks that help attract quality investment and promote development. We have also strongly encouraged the MDBs to step up their support to Caribbean countries to increase the availability of transparent and accountable financing that serves as an alternative to coercive and non-transparent Chinese financing. This support is critical to decrease the region's susceptibility to unsustainable and non-transparent lending from the PRC.

34. Shortly after your April meeting with Argentine President Milei, you commented on development agreements where countries surrender mining rights to China in return for aid saying, "China has signed a number of these rapacious deals marked as aid, where they've taken mineral rights. They've added huge amounts of debt onto these countries' balance sheets. They're guaranteeing that future generations are going to be poor and without resources. And we don't want that to happen anymore than already has in Latin America."

- a. At a time when countries like China are expanding their own development lending, how important is it for the U.S. to maintain its influence within International Financial Institutions?

Answer: As I noted during my remarks at the IIF at the start of the World Bank/IMF Spring Meetings, the Trump Administration, including Treasury, is committed to maintaining and expanding U.S. economic leadership in the world. This is especially true at the IFIs. The IFIs serve critical roles in the international system and the Trump Administration is eager to work with them to refocus them on their core mission and leverage U.S. leadership and influence at these institutions to accomplish their important mandates and deliver impact for the American people. The United States will also demand that the management and staff of these institutions be accountable for demonstrating real progress.

- b. Could the newly enacted tariffs (or the potential for higher tariffs and sanctions, as was the case with President Trump's deportation-related threats towards Colombia) potentially undermine American soft power in regions where we've historically led development efforts, by pushing developing nations closer to other powers like China? How will Treasury counter that strategic risk?

Answer: For several decades, the international economic system was built on faulty assumptions which led to a significant buildup of economic imbalances that have harmed American workers, families, and businesses, and threatened our national security. President Trump is focused on implementing a robust and reinvigorated trade policy that defends our economic and national security, promotes investment and productivity, and benefits American workers, manufacturers, and businesses.

At the same time, the Trump Administration and U.S. Treasury are committed to maintaining and expanding U.S. economic leadership in the world, including at the IFIs.

Russia/Ukraine

35. On February 24, 2022, did Russia invade Ukraine or did Ukraine invade Russia?

Answer: On February 24, 2022, Russian military forces invaded Ukraine.

36. Since Russia launched its unprovoked, criminal war in Ukraine, causing tens of thousands of deaths, sending millions of refugees across Ukraine's borders, and prompting the International Financial Institutions to spend billions of dollars in support of Ukraine, the IFIs have stopped funding new programs in Russia. Yet Russia continues to be a member of the International Monetary Fund (IMF), the World Bank, and the European Bank for Reconstruction and Development. Should Russia's membership in these organizations be reconsidered?

Answer: Treasury is committed to preventing Russia from obtaining financing, loans, technical assistance, or other benefits from the IMF, World Bank, and EBRD, and to restricting IFI engagement with Russia and limiting Russia's influence in the IFIs more generally. We have been successful in doing so. The membership rules in the respective charters of the IFIs and their respective shareholding structures do not provide support for considering Russia's compulsory withdrawal at this time.

37. In April, at the Institute for International Finance, you stated that "no one who financed or supplied the Russian war machine will be eligible for funds earmarked for Ukraine's reconstruction."

- a. What exactly does this mean? Is the Trump Administration working with our allies, particularly those in Ukraine, Europe, and the United Kingdom, to ensure that we are all adopting the same policy on Ukraine reconstruction?
- b. What steps will Treasury take to enforce that promise, especially with respect to Russian companies or foreign companies with Russian subsidiaries? More specifically, can you pledge that this is not a bargaining chip that will be withdrawn later when President Trump, Steve Witkoff, and Russian President Vladimir Putin seek to strike a deal to carve up Ukraine for the benefit of Russia?

Answer: The Administration is working with both Ukraine and our allies to ensure that those acting contrary to the national interests of the United States or Ukraine should not be able to benefit from Ukraine's reconstruction. The United States-Ukraine Reconstruction Investment Fund specifically highlights that entities acting contrary to the national interests of the United States or Ukraine will not benefit from the Partnership's activities or resources. These provisions are independent of broader ceasefire negotiations or an eventual peace settlement. G7 Finance Ministers also agreed in May to work together with Ukraine to ensure that no countries or entities, or entities from those countries that financed or supplied the Russian war machine, will be eligible to profit from Ukraine's reconstruction.

38. To support Ukraine's economy amidst Russia's ongoing, unprovoked, and unjustified war, the 118th Congress passed the REPO Act, which requires the U.S government to confiscate any Russian sovereign assets subject to U.S. jurisdiction in order to compensate Ukraine

for damages caused by the Russian invasion. The bill also directs the President to seek to establish, with foreign partners, an international mechanism to provide compensation to Ukraine using the Russia sovereign assets in their possession.

- a. As mandated by that law, the U.S. worked with our allies in the Biden Administration to secure funds representing the larger cache of funds in European control. Thus, last summer, the G7 leaders agreed to President Biden's plan to provide \$50 billion of loans to Ukraine using interest from the billions of frozen Russian sovereign assets. This, like many of the economic and trade sanctions on Russian individuals and entities, is the law. It is not optional, and it is not waivable. Yet President Trump and his envoy, Steve Witkoff, have indicated that they are ready to unfreeze and repatriate the sovereign assets of Russia. Will Treasury continue to follow the law and keep the Russian sovereign assets frozen until hostilities between the Russian Federation and Ukraine have ceased and full compensation has been made to Ukraine for harms resulting from the invasion of Ukraine by the Russian Federation?

Further, both Witkoff and President Trump have offered to Russia a rollback of sanctions not just to the start of the recent Russian invasion of Ukraine, but also back to 2014 when Russia invaded and annexed Ukraine's Crimean peninsula.

- i. Has Treasury prepared a list of sanctions that it's willing to repeal for Russia's benefit? Has the U.S. shared that list with any Russian or intermediaries for Russia?
 1. Has Treasury discussed the details of such a list with America's allies, especially those in Europe and the United Kingdom?
- ii. Do you believe that it is appropriate for the U.S. to roll back sanctions imposed as far back as 2014, when Russians were designated as a response to odious Russian acts and actors who unleashed weapons of mass destruction in England, who shot down a civilian passenger plane, who murdered political enemies of Vladimir Putin, etc?

Answer: The Administration is focused on supporting a diplomatic resolution between Ukraine and Russia. As Ukraine and Russia continue negotiations toward a ceasefire, all existing U.S. sanctions remain in place, including with respect to the immobilized Russian sovereign assets. On May 22, G7 Finance Ministers and Central Bank Governors reaffirmed that, consistent with our respective legal systems, Russia's sovereign assets in our jurisdictions will remain immobilized until Russia ends its aggression and pays for the damage it has caused to Ukraine. The separate \$50 billion G7 Extraordinary Revenue Acceleration loan initiative uses certain windfall revenues from Russian sovereign assets that are immobilized under European Union jurisdiction. All options remain on the table with respect to sanctions on Russia.

39. The International Monetary Fund (IMF) is currently in the process of reviewing its surcharge policy, which has come under heavy criticism for punishing developing countries that are facing difficult crises. While the United States is financially supporting Ukraine's defense against Russian aggression, Ukraine is being forced to pay billions of

dollars to the IMF in surcharges, more than nearly any country in the world. Is Treasury participating in the review of the surcharge policy, and is Treasury willing to consider discontinuing surcharges if the IMF finds that the costs of surcharges outweigh their benefits?

Answer: The IMF has moved quickly to provide robust assistance to Ukraine. In March 2023, the IMF approved a \$15.6 billion economic program for Ukraine, of which about \$10 billion has already been disbursed. This was preceded by \$2.7 billion in emergency financing provided in 2022. The IMF's surcharge policy provides appropriate safeguards for the Fund's balance sheet and reinforces the revolving nature of IMF financing by incentivizing early repayment and disincentivizing overborrowing. Last year, Treasury supported a review and recalibration of the IMF's surcharges policy which alleviated the elevated financial burden currently experienced by some IMF members, including Ukraine, while also implementing a regular five-year review cycle. Treasury finds this review to be the most appropriate cycle to revisit the policy which should adjust based on risk and global economic conditions.

Financial Crime

40. Under your predecessor, the Treasury Department completed a comprehensive review of its sanctions programs. Part of the reason for that review was an issue that has been raised in numerous hearings in this committee: the effects of sanctions on potential de-dollarization.
 - a. Can you please comment on the possibility of de-dollarization and the impact on both our economy and national security interests, should countries, like those of the BRICS coalition, move away from the U.S. dollar?
 - b. How is Treasury evaluating and acting on the challenges that may be faced as alternative payments ecosystems, like those existing or being developed in Russia, China, Japan, and the European Union, gain wider global adoption?

Answer: I strongly believe the dollar must maintain its status as the world's reserve currency. The U.S. offers the deepest, most liquid markets, sound institutions, and strong property rights, making it the focal point of global finance. The Trump Administration will continue to implement policies that support these fundamental attributes, which support demand for the U.S. dollar. As the President has said, the Administration will not tolerate attempts to replace the U.S. dollar.

41. The Trump Administration's Department of Justice announced at a recent anti-money laundering conference that it will limit future corporate monitorships and curtail existing ones.
 - a. Will this DOJ determination affect the existing Department of the Treasury monitorship of Binance or others that are being monitored for BSA/AML and sanctions compliance deficiencies? If so, how and why?
 - b. Is the Department of the Treasury contemplating a similar policy on corporate

monitorships (e.g., limiting to three years), changing future monitorships and potentially curtailing existing activities? Has it taken any action to that effect?

Answer: Treasury's Financial Crimes Enforcement Network (FinCEN) currently oversees two active monitorships and, in each respective matter, the mandate for the monitorship is derived from a separate FinCEN consent order.

In November 2023, FinCEN announced that it had reached a negotiated consent order with Binance Holdings Ltd. and several affiliates (collectively, Binance) to address certain willful violations of the Bank Secrecy Act and its implementing regulations. That settlement was announced alongside other parallel actions by interagency partners, including Binance's guilty plea with the Department of Justice and settlements with both Treasury's Office of Foreign Assets Control (OFAC) and the U.S. Commodity Futures Trading Commission. FinCEN's consent order assessed a civil money penalty of \$3.4 billion and imposed a five-year monitorship to oversee significant compliance undertakings. In accordance with the consent order, Binance retained the monitor, and FinCEN routinely engages with the monitor regarding the progress of the monitorship.

In October 2024, FinCEN announced that it had reached a negotiated consent order with TD Bank, N.A. and TD Bank USA, N.A. (collectively, TD Bank) to address certain willful violations of the Bank Secrecy Act and its implementing regulations. That settlement was announced alongside other parallel actions by interagency partners, including a guilty plea by certain TD Bank affiliates with the Department of Justice and settlements with both the Board of Governors of the Federal Reserve System and the Comptroller of the Currency. FinCEN's consent order assessed a civil money penalty of \$1.3 billion and imposed a four-year monitorship to oversee significant compliance undertakings. In accordance with the consent order, TD Bank retained the monitor, and FinCEN routinely engages with the monitor regarding the progress of the monitorship.

42. In 2021, in response to a mandate from the Anti-Money Laundering Act of 2020 (AMLA), the Treasury Department released its list of "Anti-Money Laundering and Countering the Financing of Terrorism National Priorities." The priorities were corruption, cybercrime (including virtual currencies), foreign and domestic terrorist financing, fraud, transnational criminal organization activity, drug trafficking organization activity, human trafficking, and proliferation financing. As Treasury said in its release, "The establishment of these Priorities is intended to assist all covered institutions in their efforts to meet their obligations under laws and regulations designed to combat money laundering and counter terrorist financing." It was also noted that a rule would be forthcoming to, "specify how financial institutions should incorporate these Priorities into their risk-based AML programs."

- a. Are these still the Treasury Department's priorities and will they be updated soon, as required by AMLA?
- b. When will financial institutions receive the related rule to either the old set of national priorities or the new one?

Answer: Treasury is committed to ensuring that financial institutions focus on the highest-priority threats to U.S. national security. In June 2024, FinCEN issued a proposed rule to strengthen and modernize anti-money laundering/countering the financing of terrorism (AML/CFT) program requirements, including a proposed requirement for financial institutions to incorporate FinCEN’s AML/CFT National Priorities into these risk-based programs. FinCEN is considering next steps in light of the comments received on that proposal.

43. This month, Treasury Deputy Secretary Faulkender spoke about the future of financial crime prevention, and the urgent need for stronger two-way communication between the public and private sector, the importance of innovation, and the critical requirement to safeguard national security. How is Treasury planning to execute this priority?
- a. FTC estimates Americans have suffered \$158 billion in losses to financial fraud. What initiatives is Treasury planning to address this?

Answer: Combating fraud is one of FinCEN’s AML/CFT National Priorities and, since 2015, Treasury has assessed in its National Money Laundering Risk Assessment that fraud is the top proceeds-generating crime for money laundering activity.

In addition to coordinated efforts with law enforcement, Treasury has, and will continue to, focus resources on combatting fraud and related illicit finance, including through public-private partnerships. For instance, FinCEN has leveraged, and will continue to leverage, its FinCEN Exchange information-sharing program to bring together financial institutions, law enforcement, national security agencies, and relevant private sector entities to address priority financial fraud threats, including fraud. FinCEN’s longest running public-private partnership, in effect since 1992, is the Bank Secrecy Act Advisory Group (BSAAG). BSAAG consists of representatives from federal agencies, including law enforcement, and financial institutions subject to the regulatory requirements of the BSA. Through BSAAG, Treasury solicits input from the public and private sectors on improving efforts to combat illicit activity, including fraud, and provides a forum for industry and law enforcement to engage with one another. FinCEN also has issued, and will continue to issue, advisory products to financial institutions on new and emerging fraud typologies and red flag indicators to support their suspicious activity reporting to law enforcement. Relatedly, Treasury’s Office of Terrorism Financing and Financial Crimes conducts regular engagements with financial institutions to discuss the findings of the risk assessments and solicit their feedback on any emerging trends and typologies. Further, Treasury will also continue to work with civil society and other intergovernmental agencies to educate consumers of evolving financial fraud schemes, as, for example, it has already done in the past with the American Bankers Association, Department of Justice, and others by providing “pig butchering” infographic pamphlets.

44. The NYT issued a blockbuster report about how foreign organizations are providing professional money laundering services that help make foreign fraud profitable – investment scams, romance scams, cryptocurrency scams, that all seek to steal American’s hard-earned life savings. FinCEN took a novel step by finding the organization profiled in

the NYT article, Huione Group, as an institution of primary money laundering concern (PMLC) under section 311 and starting the process to sever correspondent banking relationships. But Huione Group was not the only bad actor who helps launder money. Will Treasury be making more aggressive use of its tools to combat illicit finance to ensure that those who profit from financial crimes are prevented from accessing the U.S. financial system?

- a. The PMLC determination regarding Huione Group emphasized the cryptocurrency aspects of its money laundering activities, yet the special measures imposed in the rule impact only correspondent banking and payable through accounts. That seems to demonstrate a glaring gap in FinCEN's authorities and its ability to use the 311 tool to counter PMLCs and their malign activities. Would additional FinCEN authority to prohibit, or impose conditions upon, certain transmittals of funds, beyond correspondent banking and payable through accounts, be an effective addition to the 311 toolbox?
- b. Also related to Huione Group (or similar bad actors), while FinCEN's press release said that Treasury's goal is "to sever its access to the U.S. financial system." OFAC has not also sanctioned the entity or its principals. Are there additional OFAC authorities needed to pursue such actions?

Answer: Treasury will continue to use all available tools and authorities to disrupt illicit money laundering networks that threaten U.S. national security and the integrity of the U.S. financial system. In addition to using FinCEN's section 311 authority—codified at 31 U.S.C. § 5318A—to combat the perpetrators and facilitators of digital asset investment scams and related human trafficking, OFAC has designated four individuals, one militia group, and five companies involved in these criminal schemes.

However, the range of special measures that might be imposed under FinCEN's section 311 authority has not kept pace with the evolution of the financial payments landscape and does not provide sufficient authority to prevent illicit actors from using non-bank mechanisms, such as foreign money services businesses and digital asset firms, to transfer funds. The expansion of the scope of special measures available under section 311 to include authority to prohibit, or impose conditions upon, certain transmittals of funds (as defined by the Secretary of the Treasury), as is already available under parallel authorities—namely, section 9714 of the National Defense Authorization Act for Fiscal Year 2021 (Public Law 116–283; 31 U.S.C. § 5318A note) and 21 U.S.C. § 2313a—would better allow FinCEN to address emerging money laundering threats on a global basis, particularly threats that do not involve correspondent banking relationships or payable-through accounts and utilize non-bank mechanisms, including digital assets.

45. I understand that the Financial Action Task Force (FATF) is currently working on revisions to Recommendation 16, Payment Transparency, with the objective of making cross-border payments faster, cheaper, more transparent and inclusive while also remaining safe and secure. However, private-sector financial institutions (FIs) – the entities that originate and receive the cross-border payments – have expressed important

concerns with FATF's proposed draft revisions. These concerns have included that some of the proposed changes are inconsistent with how these payments and value transfers are transmitted, and could effectively slow payments, reduce financial inclusion, unnecessarily expose personally identifiable information, and generally require FIs to allocate resources in a non-risk-based fashion. Will the Treasury-led U.S. delegation engage in dialogue with private-sector FIs and ensure those concerns are addressed before any revised standard is finalized?

Answer: Treasury has played a leading role in the work to revise FATF Recommendation 16. Updates to the standard set out in Recommendation 16 are necessary to account for evolutions in payment business models, align with modern messaging standards, and ensure the Recommendation remains technology-neutral.

The FATF finalized and adopted revisions to Recommendation 16 in June 2025 (details can be found: [FATF updates Standards on Recommendation 16 on Payment Transparency](#)). These revisions were informed by two rounds of public consultation, the most recent in March-April 2025. In addition to these FATF-led public consultations, Treasury staff engaged in regular consultation with dozens of U.S. financial institutions regarding potential revisions. Following the consultations, the FATF held meetings to incorporate the feedback received from the private sector. Several of the proposals were altered significantly in response to concerns from the private sector. We believe the updated Recommendation 16 will contribute to making payments faster and cheaper, while also improving transparency.

46. OFAC recently changed its recordkeeping rules to ensure that records are kept for 10 years after Congress extended the statute of limitations for IEEPA violations. However, this period of time is longer than existing bank and financial institution record retention schedules. Since banks will now need to keep records exclusively for the purpose of complying with OFAC's new rule, given the Administration's focus on reducing regulatory burden and outlining clear expectations for the regulated public, can we expect to see guidance as to OFAC's new baseline expectations?

Answer: On July 22, 2024, OFAC [published guidance on the extension of the statute of limitations](#), indicating that it would extend the recordkeeping requirements to align with the ten-year statute of limitations enacted by Congress in April 2024. Subsequently, on September 13, 2024, OFAC published an [interim final rule](#) with a 30-day public comment period to solicit public comments on extending the recordkeeping requirements and provided a six-month delay in the effective date of the changes in order for recordkeepers to adjust their recordkeeping practices. During the comment period, OFAC received only [three comments](#) from the public. On March 21, 2025, OFAC issued a [Final Rule](#) to implement the ten-year recordkeeping requirements, which included responses to the three comments provided during the comment period. OFAC will continue to engage with industry on this question and issue additional guidance as appropriate.

47. Global remittance flows are estimated at over \$850 billion. The World Bank estimates that remittance flows to low- and middle-income countries were over \$650 billion in 2023.

These funds are essential to lifting people out of poverty, feeding hungry families, and contributing to nations' GDPs and economic stability. Yet, the Trump Administration and GOP Members of Congress are now seeking to create barriers to the movement of these cross-border funds.

- a. Has the Department done an analysis of the impact of the remittance tax in the reconciliation bill on national security and law enforcement? For example, most experts believe a tax on remittance could drive transactions into informal, unregulated markets and to service providers like Chinese Money Laundering Organizations (CMLO), which are identified as concerns in Treasury's 2024 Money Laundering Risk Assessment and in numerous FinCEN documents. What impacts does Treasury project from its tax?
- b. Given the progress that you say that you have made with Mexico on issues like tariffs and trade, are you concerned the tax could impact the U.S.-Mexico relationship, especially knowing that President Sheinbaum has voiced Mexico's strong opposition to the tax?
- c. The effective date of the tax is December 31, 2025. Given the work required by the Department to implement the tax, including providing tax credits to U.S. senders, will the Dept be able to meet that deadline?
- d. The bill describes a process where "qualified providers" can enter into an agreement with the Secretary to verify senders are U.S. citizens or nationals. How would private companies, without access to federal databases, make that assessment? Given that issue, do you think any private companies will be willing to enter into such agreements? What guidance will Treasury give companies who might enter into these agreements?

Answer: The U.S.-Mexico relationship spans many priorities, and we are making progress in a number of areas that for too long have inadequately served U.S. interests. Both the United States and Mexico have much at stake in maintaining the integrity and legality of cross-border flows of people, goods, and capital. I am confident that we will continue to collaborate on mutual interests in promoting a fair commercial relationship, combatting national security threats, and ensuring the transparency and propriety of cross-border financial flows. It is too early in the process to speak with any specificity regarding how the provision would be implemented, including with respect to any guidance that would be given to "qualified providers."

48. On March 11, 2025, the Financial Crimes Enforcement Network (FinCEN) issued a Geographic Targeting Order that, "requires all money services businesses (MSBs) located in 30 ZIP codes across California and Texas near the southwest border to file Currency Transaction Reports (CTRs) with FinCEN at a \$200 threshold, in connection with cash transactions."
- a. AMLA contains directives to have Treasury and its law enforcement partners provide actionable intelligence to financial institutions to detect illicit activity. Given the scope of this new GTO, when will Treasury be supplying such actionable intelligence to the

institutions that are expected to comply with this order?

Answer: In April 2025, FinCEN held two Exchange events with financial institutions—in particular, MSBs—and law enforcement to explain both the requirements of this GTO and to provide insight into the illicit typologies that informed the GTO.

- b. What intelligence was used by the Trump Administration to determine the \$200 threshold? Did it vary by underlying type of Money Service Business (MSB)?

Answer: The \$200 threshold includes nearly all cash transactions vulnerable to abuse by drug cartels through structuring payments to avoid CTRs, while excluding clearly de minimis amounts that are more likely to be legitimate. As a result, the \$200 threshold raises the cost of doing business for drug cartels. That threshold also provides FinCEN with a snapshot in time of a significant sample of cash transactions in the geographic region covered by the GTO, allowing FinCEN to more fully understand the money laundering risks related to MSBs and cross-border cash remittances, including how drug cartels and other transnational criminal organizations are funding themselves.

- c. Why were banks excluded from the GTO? What evidence do you have to support that they are not being used to facilitate the purported illicit actions, as well?

Answer: FinCEN excluded banks from the GTO because banks are subject to more stringent customer identification and due diligence obligations than MSBs; usually deny services to non-customers; and for those banks that do offer services, usually impose higher fees, limit the types of services available, and impose low dollar thresholds on services provided to non-customers. Thus, FinCEN assesses that banks would be relatively less vulnerable to illicit use of the type targeted by this GTO.

- d. Did you consider the potential de-risking impacts to the MSB industry, where MSBs and their agents would, themselves, be de-risked from the American financial system? What factors were weighed and how was this weight applied?

Answer: Based on FinCEN's assessment, financial institutions providing services to MSBs along the southwest border are already aware of the inherent risks of money laundering stemming from the operations of drug trafficking organizations and foreign terrorist organizations, including the risks associated with illicit funds flowing through MSBs. As such, this GTO does not materially alter that risk environment.

Safeguarding Sensitive Information

49. According to press reports, in late January, a few days after you were confirmed as the Secretary of the Treasury, Mr. David Lebryk, the individual who was serving as Acting Secretary of the Treasury before you were confirmed, was placed on administrative leave, after resisting requests from personnel associated with DOGE to grant them access to the federal payments system. That system was run by a Treasury office called the Bureau of the Fiscal Service, which was headed by Mr. Lebryk. According to the N.Y. Times, that

payment system executes payments on behalf of federal agencies across the government and had dispersed \$5.4 trillion or 88% of all federal payments in the last fiscal year, including Social Security and Medicare customer payments. It appears that system contained a lot of sensitive, personal information about millions of U.S. citizens. Mr. Lebryk's refusal to grant that access to people who may or may not have had the appropriate clearances, skill, and security training to access such information seems to be responsible. Yet, it was reported Mr. Lebryk was placed on administrative leave for protecting Treasury's information and the private information of millions of unsuspecting Americans. Then, he resigned.

- a. During the hearing held on May 7th, I asked you the following question, "Mr. Secretary, did all the individuals working with DOGE who were given access to Treasury and CFPB's computer databases receive all of the required clearances and security training before they were granted access?" You replied, "Again, they were granted read-only access at Treasury. There were two-two DOGE employees." However, "read only access" is still access. That statement was not responsive to the question that was asked. Please answer the question that was asked: Did all the individuals working with DOGE who were given access to Treasury and CFPB's computer databases receive all of the required clearances and security training before they were granted access?

Answer: As this topic has been in litigation, I would respectfully direct you to the cases filed in the U.S. District Courts of the District of Columbia and the Southern District of New York (*Alliance for Retired Americans et al. v. Bessent et al.*, and *State of New York et al. v. Trump et al.*, respectively) each of which includes a number of public declarations on this matter.

- b. To follow up my questions during the hearing, I'd like to learn more detail regarding the access you gave DOGE to the Treasury payment systems and the CFPB. Please provide me with a detailed statement on this issue, including why they were given access, what level of access they were given, and exactly what they accessed.

Answer: Please see response to question 49a.

- c. You claimed during the hearing held on May 7th that these individuals were not DOGE employees and were, instead, Treasury employees. In what capacity were these individuals working for Treasury?
 - i. When did those individuals officially become government employees at the Treasury Department? Please list individual names and dates.
 - ii. As Treasury employees, did any of those individuals also participate in the DOGE exams/reviews of other non-Treasury Departments or Agencies? If so, please provide the names of the individuals; the non-Treasury Department and Agency reviews they participated in as Treasury employees; and the dates of those exams/reviews.

Answer: Please see response to question 49a.

- d. There also seems to be some question as to whether Mr. David Lebryk was placed on

or directed to take administrative leave, or requested or directed to take some other break in his duties or employment, or handed over the decision-making regarding DOGE access to the Bureau of the Fiscal Service computer system to someone else before he submitted his resignation.

- i. Were you notified of Mr. Lebryk's refusal to grant the individuals working on the DOGE review access to the payment system before any decision was made and/or action was taken regarding his status and duties?
 1. If so, did you speak with him before any decision was made and/or action was taken regarding his status and duties?
 2. If so, did Mr. Lebryk explain to you why he refused to grant those individuals working on the DOGE review access to the payment system, and if so, what were his reasons?
- ii. Did you request or direct Mr. Lebryk to take administrative leave, or to take some other break in his duties or employment, or to hand over the decision-making regarding DOGE access to the Bureau of the Fiscal Service computer system to someone else?
 1. If so, what did you ask or direct Mr. Lebryk to do and what was the basis for your doing so?
- iii. Were any actions taken by anyone else to request or direct Mr. Lebryk to take administrative leave, or to take some other break in his duties or employment, or hand over the decision-making regarding DOGE access to the Bureau of the Fiscal Service computer system to someone else before he submitted his resignation?
 1. If so, who did that; was that person an employee of the Treasury Department; what was that person's basis of authority for doing so; what were the reasons for doing so; and did you give approval for those actions to be taken?
- e. Why did Mr. Lebryk refuse to grant those individuals from DOGE access to the payment system?
- f. Did you or anyone on your staff communicate with anyone from DOGE or the White House about Mr. Lebryk's refusal to grant individuals from DOGE access to America's payment system and what action to take regarding Mr. Lebryk?
 - i. If so, please provide the names of the people that communicated with you and your staff.
 - ii. What communications, suggestions, or directives were provided by the White House or DOGE regarding Mr. Lebryk?

Answer: Mr. Lebryk was a recognized public servant and retired from his role

earlier this year. To the best of my knowledge, he was not put on administrative leave prior to making that decision. It would not be appropriate for me to speculate on his reasoning or why he made the decisions he did.

50. Tom Krause is now overseeing the Treasury Department's financial operations and is the lead official for Treasury's DOGE Team. Do you agree that Mr. Krause's role now includes duties that include managing the Treasury payment system, payments overseeing auctions for U.S. Treasury bonds which determine interest rates, and ensuring the U.S. doesn't breach the debt?
- a. Recently, reporting came out that Mr. Krause owns shares of Intuit, the parent company of TurboTax – the same company that heavily lobbied against IRS Direct File, a program targeted for elimination by DOGE. Do you think this presents a conflict of interest? If no, why not?
 - b. During the May 5th hearing, Mr. Casten pointed out that Mr. Krause is the CEO of a software company. He followed up by asking, "He is still the CEO of that software company, isn't he?" You responded, "I am not sure." Now that you have had the time to review the facts related to this query, can you please respond on whether Mr. Krause is the CEO of a software company?
 - i. Do you think Mr. Krause's being a CEO presents a conflict of interest? If no, why not?
 - ii. Does his role as CEO take away from his time fulfilling his duties at Treasury? If no, why not?
 - c. Mr. Krause's financial holdings also include "hundreds of thousands of dollars' worth of shares of JPMorgan Chase, Bank of America, PNC, and U.S. Bank" which are among the companies that provide financial services to the Bureau of the Fiscal Service. Do you think this presents a conflict of interest considering Mr. Krause's role? If no, why not?
 - d. Mr. Krause also owns shares of big government contractors like Accenture, Oracle, Google, and Amazon. Do you think this presents a conflict of interest in relation to Mr. Krause's role in modernizing Treasury's IT and financial infrastructure? If no, why not?
 - e. A Treasury spokesperson recently said in a statement, "These Treasury and IRS employees are following all ethics laws and guidelines, including policies concerning recusals." Please provide the committee with the analysis that Treasury conducted to conclude that Mr. Krause is "following all ethics laws and guidance".

Answer: Please see response to question 49a.

51. Do you regret your actions to help Elon Musk with the payment systems, especially given that Mr. Musk later went around your back to install an Acting Commissioner of the Internal Revenue Service without your permission? If no, why not?

Answer: I support the efforts of the Department of Government Efficiency to bring

appropriate cost-controls and greater efficiency to the existing government bureaucracy.

52. On clearances for Treasury or DOGE employees working at Treasury, what is the level, type, and/or nature of the clearances and security training that are required for individuals to access the information held in the computers of the Bureau of the Fiscal Service, including, but not limited to, Personally Identifiable Information (PII) or classified information?
- a. Did you personally approve all clearances for each individual who worked on the DOGE review and ensure that they had the proper clearances and training before they accessed the computers?
 - i. If not, please provide an answer as to why you did not and who did approve those clearances and ensure that they had the proper clearances and training before they accessed the computers.
 - b. If someone outside of Treasury granted the clearances and performed the security training, who was it and with what governmental department or agency were they employed? Did that individual have the authority to grant such clearance or authorization on behalf of the Treasury Department?
 - c. Did all individuals working with DOGE who had access to the Bureau of the Fiscal Service computers receive all required clearances and security training before they were granted access and accessed the computers?
 - d. Who in the Treasury Department performed this training and completed the reviews, and who exactly granted access?
 - e. What level of access was given to these individuals when they first received access?
 - f. Were the appropriate and typical background checks performed in advance of providing that clearance or authorization?
 - g. Did any of the access obtained or planned require a clearance or authorization that had not been granted to an individual before that person accessed the information?

Answer: Please see response to question 49a.

53. Has any information been downloaded from any of the computers of the Bureau of the Fiscal Service or any other computers of the Treasury that were accessed by anyone working with DOGE? If so, why?
- a. If any information has been downloaded, where is it currently located? What security measures are in place to prevent unauthorized review or dissemination of that material?
 - b. Does any of the downloaded information contain PII or classified information?

Answer: Please see response to question 49a.

54. Please provide the Committee with a description of any computer system, information, or data that any individual working with DOGE has accessed, and identify any of that data or information that may have contained PII or any other sensitive or classified information including, but not limited to, the government entity or entities that possess the information, data, or computer systems that have been or will be accessed.

Answer: Please see response to question 49a.

55. Now that the President's budget has been announced, we can see that almost all the Department heads have recommended drastic cuts in the programs, staffing and funding of their departments. Many of the reductions follow the recommendation of Musk's DOGE review. Yet very little is known about how that review was conducted and whether it was designed to collect and whether it did collect the data and other information that is really needed to support such drastic reductions in the programs and policies of major departments. And those concerns extend to the drastic changes you are recommending be made at Treasury.

- a. Please list the recommendations made by DOGE regarding Treasury's staffing, funding and programs and identify those that were included - in whole or in part - in the recommendations you made to the White House regarding Treasury staffing, funding and programs.

Answer: While input and analysis on Treasury operations come from various internal sources, all final decisions on these topics are made by senior Treasury officials.

- b. Did you ask your staff or the Inspector General of Treasury to review and provide you with a detailed description of the objectives, plans, and processes that DOGE established to conduct its review of the Treasury Department and the planning process that DOGE used to develop them?
- i. If yes, who was assigned to that task and if not, why didn't you seek such a review?
- c. How many individuals associated with DOGE conducted the review of Treasury and what would be the Full Time Equivalence of the staff time spent by the DOGE people working on that review?
- i. How many individuals associated with DOGE's review of Treasury were exclusively working on the Treasury review and how many were concurrently working on reviews of other departments or agencies?

Answer: Please see response to question 49a.

- d. How many of the individuals associated with DOGE's Treasury review had any experience in conducting the type of government department review that they were performing at Treasury?
- i. How many of the individuals associated with DOGE's Treasury review had any

experience in designing and implementing the type of government department review that they were performing at Treasury?

- ii. How many of the individuals associated with DOGE's review had any experience with any of the Treasury offices and bureaus that were included in DOGE's review, who were those people, and with which offices did they have experience?

Answer: I believe background information can be found in the litigations referenced in question 49a.

- e. How much time did the individuals associated with DOGE's review spend speaking to employees of the various Treasury offices and bureaus to learn about the missions of those offices and whether and how the staffing and budgeting was tied to the missions?
 - i. Specifically, by percentage or raw number, in how many of the offices, bureaus and other components of Treasury did the individuals associated with DOGE's review meet directly with personnel and discuss the missions of those offices and whether and how the staffing and budgeting was tied to the missions?

Answer: Ongoing staff engagement and relevant information gathering continues to be an important part of the work to optimize operational efficiencies.

- f. What is Treasury's determination of whether DOGE's plan for reviewing Treasury was well designed to ensure identification and collection of the data and other information needed to accurately assess programs, funding, and staffing and whether and where reductions in funding, offices and/or programs, and personnel could be made without impairing the effective implementation of the program goals established and funded by Congress, who made that determination? Who made that determination, and what was that determination based upon?
 - i. What is Treasury's determination of whether DOGE's plans and processes for the Treasury review were effectively implemented? Who made that determination, and what was that determination based upon?
 - ii. What is Treasury's determination of whether DOGE has been able to effectively collect and assess the information needed to accurately assess programs, funding, and staffing? Who made that determination, and what was that determination based upon?

Answer: Please see response to question 49a.

- g. Did DOGE provide specific reasons and present evidence to justify and support each of the recommended budget cuts, office/programmatic reductions, and the separation/leave determinations made for each of the individuals that were subject to some type of separation or leave order? If so, please provide all justification documents to the Committee. If not, why did it provide such supportive information.
 - i. Has Treasury recommended or carried out any of the budget cuts,

office/programmatic reductions, or the separation/leave determinations made by DOGE that were not supported by specific reasons and/or evidence that justified such a recommendation? If so, what? And why were recommendations carried out if they were not supported?

Answer: Please see response to question 49a.

- h. What is Treasury's determination of the validity and accuracy of the specific budgetary savings at Treasury that DOGE claimed has been and will result from its activities to date, as well as the validity and accuracy of DOGE's specific claims of waste, fraud and abuse that it has identified at Treasury, and the savings that has or will result from the reduction, cancellation or elimination of those cases of waste, fraud and abuse that DOGE has claimed it has discovered? Who made that determination, and what was that determination based upon?
 - i. What is Treasury's determination of whether DOGE has accurately and fully estimated the costs to the government of implementing and carrying out the budget cuts, programmatic reductions, and the separation/leave determinations made for each specific individual? Who made that determination, and what was that determination based upon?
 - ii. What is Treasury's determination of whether DOGE has been able to accurately assess programs and staffing and whether and where reductions in funding and personnel could be made without impairing the effective implementation of the program goals established and funded by Congress? Who made that determination, and what was that determination based upon?

Answer: Please see response to question 49a.

- i. Please provide the Committee with a detailed description of the processes and procedures DOGE used to identify and make determinations regarding the specific departmental/agency offices and/or programs that should be subject to budget reductions and the size of those reductions, and to identify specific personnel who should be fired, put on leave and/or separated in any other way, from Treasury. Please also provide all the specific reasons and related documents DOGE provided to justify and support each of the recommended budget cuts, office/programmatic reductions, and the separation/leave determinations made for each specific individual that was subject to some type of separation or leave order.

Answer: As this topic has been in litigation, I would respectfully direct you to the cases filed in the U.S. District Court for the Northern District of California *American Federation of Government Employees, et al. v. Trump, et al.*

CDFIs

- 56. You stated earlier this year, "This Administration recognizes the important role that the CDFI Fund and CDFIs play in expanding access to capital and providing technical assistance to communities across the United States." Why did the White House release a budget document last week asking Congress to completely eliminate all of the

discretionary grants that CDFIs typically receive, and leverage those funds to provide billions of dollars of access to underserved rural and urban communities?

- a. Were you involved in that decision making process?
- b. If not, do you believe this decision supports the important role that the CDFI fund and CDFIs play in the American economy?

Answer: Treasury regularly provides input on a range of budgetary matters, and we continue to advocate for the tools CDFIs need to succeed. The budget proposal reflects an interest in modernizing federal investments and encouraging models that can scale more sustainably through private capital. Treasury continues to support the mission of CDFIs and is exploring ways to ensure that the sector remains well-resourced and impactful.

57. Earlier this month the White House issued a document last week that characterized the CDFI fund as a “woke program”, “cultural Marxism”, and “abused to advance a partisan agenda”.

- a. Do you also believe that the CDFI Fund is a “woke program”? If yes, then how so?
- b. Do you also believe that the CDFI Fund is a form of “cultural Marxism”? If yes, then how so?
- c. Were you involved in the preparation of said document? If so, what was your level of involvement?

Answer: Treasury regularly provides input on a range of budgetary matters, and we continue to advocate for the tools CDFIs need to succeed. The Fund operates based on statutory authority and program guidelines aimed at expanding financial access and economic opportunity in underserved communities. Treasury will continue to review all programs to ensure alignment with Congressional intent.

58. Do you think that the CDFI fund can operate efficiently with the current cuts to the fund?

- a. What will you do to ensure that the CDFI fund operates efficiently?

Answer: The CDFI Fund will continue to manage resources responsibly and deliver impact with efficiency. Treasury is focused on identifying complementary sources of capital, streamlining administrative processes, and strengthening partnerships across the public and private sectors.

Diversity, Equity, and Inclusion

59. President Trump signed an executive order in March which eliminated all Diversity, Equity, Inclusion, and Accessibility (DEIA) programs across the federal government. In response, Treasury removed all mention of its Office of Minority and Women Inclusion

(OMWI), this violates the statutory mandate of the Dodd-Frank Act.

- a. Has your office issued any internal guidance or taken any administrative actions to comply with the President's DEI executive orders, particularly regarding the reassignment or elimination of staff in OMWI offices?

Answer: Treasury is undertaking a reshaping of the workforce that will position the Department to more efficiently provide the high-quality service that the American people expect. The focus is on delivering economic opportunity for all Americans regardless of race, creed, religion, or other factors. In line with this overall approach, we have undertaken a review and are working through recommendations to put the offices more in line with all required statutory authorities.

60. Democrats on this Committee sent a letter to you and other agency heads stating that agencies must continue to uphold its statutory obligations under the Dodd-Frank Act and federal anti-discrimination laws. Instead of responding to specific questions in the letter, your staff responded vaguely, stating, in part, "the OMWI continues to perform its statutory functions as required by law and is being provided the budget and resources commensurate with those statutory obligations." Please generally provide the current status of Treasury's OMWI. In that status update, please specifically address the following questions:

- a. How many employees are currently working in OMWI roles at Treasury?
- b. How did you determine how many employees were needed to perform the statutory functions of OMWI as required by law?
- c. What are the budget amounts for Treasury's OMWI for 2024 and projected budgets for 2025?

Answer: Treasury is undertaking a reshaping of the workforce that will position the Department to more efficiently provide the high-quality service that the American people expect. We are engaged with OMWI leadership to ensure staffing levels are appropriate to meet the statutory requirements.

61. The Dodd-Frank Act requires agency OMWIs to perform several statutory functions by law.

- a. Is Treasury currently taking affirmative steps to seek diversity in the workforce at all levels? If yes, have these steps changed significantly from FY 2024?
- b. Is Treasury currently ensuring, to the maximum extent possible, the fair inclusion and utilization of minorities, women, and minority-owned and women-owned businesses in all business and activities of the agency at all levels, including in procurement, insurance, and all types of contracts? If yes, have these procedures changed from FY 2024.
- c. Is the OMWI Director advising you on the impact of Treasury's policies and regulations on minority-owned and women-owned businesses? If not, please explain why.

Answer: See answer to Question 59.

62. FIRREA agencies, including the Department of Treasury, are required by law to submit an annual report to Congress regarding the actions taken by the agency to improve diversity and inclusion internally and among suppliers. These reports are typically sent by agencies to congressional staff in March of each year. It is now May, and we have yet to receive the FY 2024 report from Treasury. Please provide a status of this report.

Answer: Treasury submitted its OMWI FY 2024 Annual Report to Congress in June.

63. Treasury is also required under Section 367 of Dodd-Frank to release an annual report on its efforts to preserve and promote Minority Deposit Institutions. Please provide a status of this report.

Answer: Treasury is examining its requirements under Section 367.

Miscellaneous Questions

64. President Trump recently stated in an interview with “Meet the Press” on May 4th that he thinks “the good parts are the Trump economy, and the bad parts are the Biden economy because he’s done a terrible job. He did a terrible job on everything.”

- a. Would you disagree that President Trump inherited the current economy from President Biden’s administration?
- b. Then would you also say that President Biden inherited the bad parts of the Trump economy after the COVID-19 pandemic?

Answer: Under President Biden, we saw the deficit climb to 6.7%, the highest when our nation was not in a recession or at war. Under President Trump the U.S. economy continues to show strong economic growth, positive employment data, and low inflation. Inflation is registering the lowest levels since 2021. Notably, tariffs are not lifting prices as the overwhelming consensus of economists had predicted. Lastly, inflation for necessities is slowing sharply, too. Headline and core consumer prices rose just 0.2% in July and the economy is currently at price stability because the 12-month annual is 2.7%.²

65. Is witness testimony from Treasury employees in front of this committee generally embargoed?

Answer: The Treasury Department has maintained the practice that witness testimony before Congress is embargoed to the members of the media until delivered.

² [Personal Consumption Expenditures Price Index | U.S. Bureau of Economic Analysis \(BEA\)](#)

[DISCUSSION DRAFT]119TH CONGRESS
1ST SESSION**H. R. _____**

To amend title 31, United States Code, to require the Financial Crimes Enforcement Network (“FinCEN”) to establish procedures to protect beneficial ownership information disclosed by FinCEN, to facilitate compliance with beneficial ownership reporting requirements, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

M. _____ introduced the following bill; which was referred to the
Committee on _____

A BILL

To amend title 31, United States Code, to require the Financial Crimes Enforcement Network (“FinCEN”) to establish procedures to protect beneficial ownership information disclosed by FinCEN, to facilitate compliance with beneficial ownership reporting requirements, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 SECTION 1. SHORT TITLE.

4 This Act may be cited as the “Small Business Relief
5 Act of 2025”.

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1 **SEC. 2. REPORT ON THE PROTECTION OF BENEFICIAL**
2 **OWNERSHIP INFORMATION DISCLOSED BY**
3 **FINCEN.**

4 Section 5336(c)(2) of title 31, United States Code,
5 is amended by adding at the end the following:

6 “(D) REPORT TO CONGRESS.—FinCEN
7 shall issue an annual report to Congress stat-
8 ing—

9 “(i) the number of times law enforce-
10 ment agencies and financial institutions
11 have accessed beneficial ownership infor-
12 mation pursuant to subparagraph (B);

13 “(ii) the number of times beneficial
14 ownership information reported to
15 FinCEN pursuant to this section was inap-
16 propriately accessed, and by whom; and

17 “(iii) the number of times beneficial
18 ownership information was disclosed under
19 subparagraph (B)(i)(II) pursuant to an au-
20 thorization from a court of competent ju-
21 risdiction.”.

22 **SEC. 3. CONSOLIDATION OF REPORTS.**

23 (a) IN GENERAL.—Section 5336(b)(1) of title 31,
24 United States Code, is amended by adding at the end the
25 following:

26 “(H) CONSOLIDATION OF REPORTS.—

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1 “(i) IN GENERAL.—In lieu of submit-
 2 ting a report described under subpara-
 3 graph (A) through (E), the Secretary shall
 4 permit a reporting company to provide the
 5 information required to be included in such
 6 report in any other report the reporting
 7 company is required to submit to the Sec-
 8 retary, if such submission would—

9 “(I) facilitate compliance with
 10 the reporting requirements under this
 11 paragraph; and

12 “(II) serve the purposes de-
 13 scribed under subsection (e)(5)(B).

14 “(ii) RULE OF CONSTRUCTION.—The
 15 Secretary may provide the information de-
 16 scribed under clause (i) to the Financial
 17 Crimes Enforcement Network for the pur-
 18 pose of investigating money laundering or
 19 terrorist financing.”.

20 (b) CONFORMING AMENDMENTS.—Section 5336 of
 21 title 31, United States Code, is amended—

22 (1) in subsection (b)(4)(B)(ii), by striking
 23 “FinCEN” and inserting “the Secretary”;

24 (2) in subsection (d)(2), by striking “FinCEN”
 25 and inserting “the Secretary”; and

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4

1 (3) in subsection (h)—

2 (A) in paragraph (1), by striking
3 “FinCEN” each place such term appears and
4 inserting “the Secretary”;

5 (B) in paragraph (2), by striking
6 “FinCEN” each place such term appears and
7 inserting “the Secretary”;

8 (C) in paragraph (3)(C)(ii), by striking
9 “FinCEN” and inserting “The Secretary”; and

10 (D) in paragraph (4)(B)(ii), by striking
11 “FinCEN” each place such term appears and
12 inserting “the Secretary”.

119TH CONGRESS
1ST SESSION

H. R. 2548

To impose sanctions and other measures with respect to the Russian Federation if the Government of the Russian Federation refuses to negotiate a peace agreement with Ukraine, violates any such agreement, or initiates another military invasion of Ukraine, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 1, 2025

Mr. FITZPATRICK (for himself, Mr. QUIGLEY, Mr. WILSON of South Carolina, and Ms. KAPTUR) introduced the following bill; which was referred to the Committee on Foreign Affairs, and in addition to the Committees on the Judiciary, Financial Services, Ways and Means, and Oversight and Government Reform, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To impose sanctions and other measures with respect to the Russian Federation if the Government of the Russian Federation refuses to negotiate a peace agreement with Ukraine, violates any such agreement, or initiates another military invasion of Ukraine, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

2 (a) SHORT TITLE.—This Act may be cited as the
3 “Sanctioning Russia Act of 2025”.

4 (b) TABLE OF CONTENTS.—The table of contents for
5 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Sense of Congress.
- Sec. 3. Definitions.
- Sec. 4. Covered determination.
- Sec. 5. Imposition of sanctions on certain persons affiliated with or supporting the Government of the Russian Federation.
- Sec. 6. Imposition of sanctions with respect to financial institutions affiliated with the Government of the Russian Federation.
- Sec. 7. Imposition of sanctions with respect to other entities owned by or affiliated with the Government of the Russian Federation.
- Sec. 8. Prohibition on transfers of funds involving the Russian Federation.
- Sec. 9. Prohibition on listing or trading of Russian entities on United States securities exchanges.
- Sec. 10. Prohibition on investments by United States financial institutions that benefit the Government of the Russian Federation.
- Sec. 11. Prohibition on energy exports to, and investments in energy sector of, the Russian Federation.
- Sec. 12. Prohibition on purchases of sovereign debt of the Russian Federation by United States persons.
- Sec. 13. Prohibition on provision of services to sanctioned financial institutions by international financial messaging systems.
- Sec. 14. Prohibition on importing, and sanctions with respect to, uranium from the Russian Federation.
- Sec. 15. Increases in duties on goods and services imported from the Russian Federation.
- Sec. 16. Imposition of CAATSA sanctions.
- Sec. 17. Duties on countries that purchase Russian-origin oil, uranium, and petroleum products.
- Sec. 18. Exceptions.
- Sec. 19. Implementation; penalties.
- Sec. 20. Termination authority; reimposition of sanctions.

6 **SEC. 2. SENSE OF CONGRESS.**

7 It is the sense of Congress that—

8 (1) if the Government of the Russian Federa-
9 tion is refusing to engage in good faith negotiations
10 for a lasting peace with Ukraine, the Russian Fed-

1 eration should be subject to maximum sanctions as
2 allowed under United States law; and

3 (2) in order to prevent another military inva-
4 sion or act that undermines the sovereignty of
5 Ukraine following a negotiated peace, it should be
6 the policy of the United States to provide sustain-
7 able levels of security assistance to Ukraine to pro-
8 vide a credible defensive and deterrent capability.

9 **SEC. 3. DEFINITIONS.**

10 In this Act:

11 (1) ACCOUNT; CORRESPONDENT ACCOUNT; PAY-
12 ABLE-THROUGH ACCOUNT.—The terms “account”,
13 “correspondent account”, and “payable-through ac-
14 count” have the meanings given those terms in sec-
15 tion 5318A of title 31, United States Code.

16 (2) ADMISSION; ADMITTED; ALIEN.—The terms
17 “admission”, “admitted”, and “alien” have the
18 meanings given those terms in section 101 of the
19 Immigration and Nationality Act (8 U.S.C. 1101).

20 (3) ARMED FORCES OF THE RUSSIAN FEDERA-
21 TION.—The term “Armed Forces of the Russian
22 Federation” includes—

23 (A) the Aerospace Forces of the Russian
24 Federation;

1 (B) the Airborne Forces of the Russian
2 Federation;

3 (C) the Ground Forces of the Russian
4 Federation;

5 (D) the Navy of the Russian Federation;

6 (E) the Special Operations Command of
7 the Russian Federation;

8 (F) the Strategic Rocket Forces of the
9 Russian Federation;

10 (G) the General Staff of the Armed Forces
11 of the Russian Federation;

12 (H) the Main Directorate of the General
13 Staff of the Armed Forces of the Russian Fed-
14 eration; and

15 (I) any successor entities or proxies of the
16 entities described in subparagraphs (A) through
17 (H).

18 (4) COVERED DETERMINATION.—The term
19 “covered determination” means a determination by
20 the President as described in section 4.

21 (5) CRITICAL INFRASTRUCTURE.—

22 (A) IN GENERAL.—The term “critical in-
23 frastructure”, with respect to Ukraine, means
24 systems and assets, whether physical or virtual,
25 so vital to Ukraine that the incapacity or de-

1 construction of such systems and assets would have
2 catastrophic regional or national effects on pub-
3 lic health or safety, economic security, or na-
4 tional security.

5 (B) INCLUDED SECTORS.—The term “crit-
6 ical infrastructure” includes assets in the fol-
7 lowing sectors:

- 8 (i) Biotechnology.
- 9 (ii) Chemical.
- 10 (iii) Commercial facilities.
- 11 (iv) Communications.
- 12 (v) Critical manufacturing.
- 13 (vi) Dams.
- 14 (vii) Defense industrial base.
- 15 (viii) Emergency services.
- 16 (ix) Energy.
- 17 (x) Financial services.
- 18 (xi) Food and agriculture.
- 19 (xii) Government facilities.
- 20 (xiii) Healthcare and public health.
- 21 (xiv) Information technology.
- 22 (xv) Materials and waste.
- 23 (xvi) Nuclear reactors.
- 24 (xvii) Space.
- 25 (xviii) Transportation systems.

1 (xix) Water and wastewater systems.

2 (6) FINANCIAL INSTITUTION.—The term “fi-
3 nancial institution” means a financial institution
4 specified in subparagraph (A), (B), (C), (D), (E),
5 (F), (G), (H), (I), (J), (M), or (Y) of section
6 5312(a)(2) of title 31, United States Code.

7 (7) FOREIGN PERSON.—The term “foreign per-
8 son” means an individual or entity that is not a
9 United States person.

10 (8) KNOWINGLY; KNOWS.—The terms “know-
11 ingly” and “knows”, with respect to conduct, a cir-
12 cumstance, or a result, means that a person had ac-
13 tual knowledge, or should have known, of the con-
14 duct, the circumstance, or the result.

15 (9) MILITARY INVASION.—The term “military
16 invasion” includes—

17 (A) a ground operation or assault;

18 (B) an amphibious landing or assault;

19 (C) an airborne operation or air assault;

20 (D) an aerial bombardment or blockade;

21 (E) missile attacks, including rockets, bal-
22 listic missiles, cruise missiles, and hypersonic
23 missiles;

24 (F) a naval bombardment or armed block-
25 ade;

1 (G) a cyber attack; and

2 (H) an attack by a country on any terri-
3 tory controlled or administered by any other
4 independent, sovereign country, including off-
5 shore islands controlled or administered by that
6 country.

7 (10) UNITED STATES PERSON.—The term
8 “United States person” means—

9 (A) a United States citizen or an alien law-
10 fully admitted for permanent residence to the
11 United States; or

12 (B) an entity organized under the laws of
13 the United States or any jurisdiction within the
14 United States, including a foreign branch of
15 such an entity.

16 **SEC. 4. COVERED DETERMINATION.**

17 (a) IN GENERAL.—Not later than 15 days after the
18 date of the enactment of this Act, and every 90 days there-
19 after, the President shall determine if any of the following
20 actors has engaged, is engaging, or is planning to engage
21 in an act described in subsection (b):

22 (1) The Government of the Russian Federation.

23 (2) Any proxy of the Government of the Rus-
24 sian Federation.

1 (3) Any individual or entity controlled by or
2 acting at the direction of the Government of the
3 Russian Federation.

4 (4) Any person described in section 5 or 6.

5 (b) ACTS DESCRIBED.—An act described in this sub-
6 section is any of the following:

7 (1) Refusing to negotiate a peace agreement
8 with Ukraine.

9 (2) Violating any negotiated peace agreement.

10 (3) Initiating another military invasion of
11 Ukraine.

12 (4) Overthrowing, dismantling, or seeking to
13 subvert the Government of Ukraine.

14 **SEC. 5. IMPOSITION OF SANCTIONS ON CERTAIN PERSONS**

15 **AFFILIATED WITH OR SUPPORTING THE GOV-**

16 **ERNMENT OF THE RUSSIAN FEDERATION.**

17 (a) IN GENERAL.—Not later than 15 days after mak-
18 ing a covered determination, and every 90 days thereafter,
19 the President shall—

20 (1) impose the sanctions described in subsection
21 (c) with respect to the persons described in sub-
22 section (b); and

23 (2) prohibit any United States person from en-
24 gaging in any transaction with a person described in
25 subsection (b).

1 (b) PERSONS DESCRIBED.—The persons described in
2 this subsection are the following:

3 (1) The following officials of the Government of
4 the Russian Federation:

5 (A) The President of the Russian Federa-
6 tion.

7 (B) The Prime Minister of the Russian
8 Federation.

9 (C) The Minister of Defense of the Rus-
10 sian Federation.

11 (D) The Chief of the General Staff of the
12 Armed Forces of the Russian Federation.

13 (E) The Deputy Ministers of Defense of
14 the Russian Federation.

15 (F) The Commander-in-Chief of the Land
16 Forces of the Russian Federation.

17 (G) The Commander-in-Chief of the Aero-
18 space Forces of the Russian Federation.

19 (H) The Commander of the Airborne
20 Forces of the Russian Federation.

21 (I) The Commander-in-Chief of the Navy
22 of the Russian Federation.

23 (J) The Commander of the Strategic Rock-
24 et Forces of the Russian Federation.

1 (K) The Commander of the Special Oper-
2 ations Forces of the Russian Federation.

3 (L) The Commander of Logistical Support
4 of the Armed Forces of the Russian Federation.

5 (M) The commanders of the Russian Fed-
6 eration military districts.

7 (N) The Minister of Foreign Affairs of the
8 Russian Federation.

9 (O) The Minister of Transport of the Rus-
10 sian Federation.

11 (P) The Minister of Finance of the Rus-
12 sian Federation.

13 (Q) The Minister of Industry and Trade of
14 the Russian Federation.

15 (R) The Minister of Energy of the Russian
16 Federation.

17 (S) The Minister of Agriculture of the
18 Russian Federation.

19 (T) The Director of the Foreign Intel-
20 ligence Service of the Russian Federation.

21 (U) The Director of the Federal Security
22 Service of the Russian Federation.

23 (V) The Director of the Main Directorate
24 of the General Staff of the Armed Forces of the
25 Russian Federation.

1 (W) The Director of the National Guard of
2 the Russian Federation.

3 (X) The Federal Guard Service of the Rus-
4 sian Federation.

5 (2) Any foreign person that—

6 (A) knowingly sells, supplies, transfers,
7 markets, or provides defense articles, equip-
8 ment, goods, services, technology, or materials
9 to the Armed Forces of the Russian Federation;

10 (B) knowingly conducts a transaction with
11 the Armed Forces of the Russian Federation;

12 (C) has engaged in or attempted to engage
13 in activities that—

14 (i) materially undermine the military
15 readiness of Ukraine;

16 (ii) seek to overthrow, dismantle, or
17 subvert the Government of Ukraine;

18 (iii) debilitate the critical infrastruc-
19 ture of Ukraine;

20 (iv) debilitate cybersecurity systems
21 through malicious electronic attacks or
22 cyberattacks on Ukraine;

23 (v) undermine the democratic proc-
24 esses of Ukraine; or

1 (vi) involve committing serious human
2 rights abuses against citizens of Ukraine,
3 including forceful transfers, enforced dis-
4 appearances, unjust detainment, or tor-
5 ture;

6 (D) operates or has operated in the energy,
7 commodities, telecommunications, banking, in-
8 dustrial, transportation, or manufacturing sec-
9 tors of the economy of the Russian Federation;

10 (E) is an oligarch (as defined and identi-
11 fied by the President);

12 (F) is responsible for or complicit in, or
13 has directly or indirectly engaged or attempted
14 to engage in, for or on behalf of, or for the ben-
15 efit of, directly or indirectly, the Government of
16 the Russian Federation—

17 (i) transnational corruption, bribery,
18 extortion, or money laundering;

19 (ii) assassination, murder, or other
20 unlawful killing of, or infliction of other
21 bodily harm against, a United States per-
22 son or a citizen or national of an ally or
23 partner of the United States;

24 (iii) activities that undermine the
25 peace, security, political stability, or terri-

1 torial integrity of the United States or an
2 ally or partner of the United States; or

3 (iv) deceptive or structured trans-
4 actions or dealings to circumvent the appli-
5 cation of any sanctions imposed by the
6 United States, including through the use
7 of digital currencies or assets or the use of
8 physical assets.

9 (3) Any person or agent of any person de-
10 scribed in paragraph (1) or (2) if the sanctioned
11 person transferred property or an interest in prop-
12 erty to the person—

13 (A) after the date on which the President
14 imposed sanctions with respect to the sanc-
15 tioned person; or

16 (B) before that date, if the sanctioned per-
17 son did so in an attempt to evade the imposi-
18 tion of sanctions.

19 (c) SANCTIONS DESCRIBED.—The sanctions de-
20 scribed in this subsection to be imposed with respect to
21 a person described in subsection (b) are the following:

22 (1) BLOCKING OF PROPERTY.—

23 (A) IN GENERAL.—The President shall ex-
24 ercise all of the powers granted by the Inter-
25 national Emergency Economic Powers Act (50

1 U.S.C. 1701 et seq.) to block and prohibit all
2 transactions in all property and interests in
3 property of the person if such property and in-
4 terests in property are in the United States,
5 come within the United States, or are or come
6 within the possession or control of a United
7 States person.

8 (B) INAPPLICABILITY OF NATIONAL EMER-
9 GENCY REQUIREMENT.—The requirements of
10 section 202 of the International Emergency
11 Economic Powers Act (50 U.S.C. 1701) shall
12 not apply for purposes of this section.

13 (2) INELIGIBILITY FOR VISAS, ADMISSION, OR
14 PAROLE.—

15 (A) VISAS, ADMISSION, OR PAROLE.—An
16 alien described in subsection (b) shall be—

17 (i) inadmissible to the United States;
18 (ii) ineligible to receive a visa or other
19 documentation to enter the United States;
20 and

21 (iii) otherwise ineligible to be admitted
22 or paroled into the United States or to re-
23 ceive any other benefit under the Immigra-
24 tion and Nationality Act (8 U.S.C. 1101 et
25 seq.).

1 (B) CURRENT VISAS REVOKED.—

2 (i) IN GENERAL.—The visa or other
3 entry documentation of an alien described
4 in subsection (b) shall be revoked, regard-
5 less of when such visa or other entry docu-
6 mentation is or was issued.

7 (ii) IMMEDIATE EFFECT.—A revoca-
8 tion under clause (i) shall—

9 (I) take effect immediately; and

10 (II) automatically cancel any
11 other valid visa or entry documenta-
12 tion that is in the possession of the
13 alien.

14 **SEC. 6. IMPOSITION OF SANCTIONS WITH RESPECT TO FI-**
15 **NANCIAL INSTITUTIONS AFFILIATED WITH**
16 **THE GOVERNMENT OF THE RUSSIAN FED-**
17 **ERATION.**

18 (a) IN GENERAL.—Not later than 15 days after mak-
19 ing a covered determination, and every 90 days thereafter,
20 the Secretary of the Treasury shall—

21 (1) impose the sanctions described in subsection

22 (b) with respect to—

23 (A) the Central Bank of the Russian Fed-
24 eration (Bank of Russia);

25 (B) Sberbank;

- 1 (C) VTB Bank;
2 (D) Gazprombank;
3 (E) any other financial institution orga-
4 nized under the laws of the Russian Federation
5 and owned in whole or part by the Government
6 of the Russian Federation;
7 (F) any subsidiary of, or successor entity
8 to, any of the financial institutions described in
9 subparagraphs (A) through (E); and
10 (G) any financial institution that engages
11 in transactions with any of the financial institu-
12 tions described in subparagraphs (A) through
13 (F);
14 (2) impose the sanctions described in section
15 5(c) with respect to any directors of, officers of, offi-
16 cials of, and shareholders with an interest in, a fi-
17 nancial institution described in paragraph (1); and
18 (3) prohibit any United States person from en-
19 gaging in any transaction with a financial institution
20 described in paragraph (1).
21 (b) SANCTIONS DESCRIBED.—The sanctions de-
22 scribed in this subsection to be imposed with respect to
23 a financial institution described in subsection (a)(1) are
24 the following:
25 (1) BLOCKING OF PROPERTY.—

1 (A) IN GENERAL.—The President shall ex-
2 ercise all of the powers granted to the President
3 under the International Emergency Economic
4 Powers Act (50 U.S.C. 1701 et seq.) to the ex-
5 tent necessary to block and prohibit all trans-
6 actions in property and interests in property of
7 the financial institution if such property and in-
8 terests in property are in the United States,
9 come within the United States, or are or come
10 within the possession or control of a United
11 States person.

12 (B) INAPPLICABILITY OF NATIONAL EMER-
13 GENCY REQUIREMENT.—The requirements of
14 section 202 of the International Emergency
15 Economic Powers Act (50 U.S.C. 1701) shall
16 not apply for purposes of this section.

17 (2) RESTRICTIONS ON CORRESPONDENT AND
18 PAYABLE-THROUGH ACCOUNTS.—The President
19 shall prohibit the opening, and prohibit or impose
20 strict conditions on the maintaining, in the United
21 States, of a correspondent account or payable-
22 through account by the financial institution.

1 **SEC. 7. IMPOSITION OF SANCTIONS WITH RESPECT TO**
2 **OTHER ENTITIES OWNED BY OR AFFILIATED**
3 **WITH THE GOVERNMENT OF THE RUSSIAN**
4 **FEDERATION.**

5 (a) IN GENERAL.—Not later than 15 days after mak-
6 ing a covered determination, and every 90 days thereafter,
7 the Secretary of the Treasury shall impose the sanctions
8 described in subsection (b) with respect to any entity
9 that—

10 (1) the Government of the Russian Federation
11 has an ownership interest in; or

12 (2) is otherwise affiliated with the Government
13 of the Russian Federation.

14 (b) BLOCKING OF PROPERTY.—

15 (1) IN GENERAL.—The President shall exercise
16 all of the powers granted to the President under the
17 International Emergency Economic Powers Act (50
18 U.S.C. 1701 et seq.) to the extent necessary to block
19 and prohibit all transactions in property and inter-
20 ests in property of an entity described in subsection
21 (a) if such property and interests in property are in
22 the United States, come within the United States, or
23 are or come within the possession or control of a
24 United States person.

25 (2) INAPPLICABILITY OF NATIONAL EMER-
26 GENCY REQUIREMENT.—The requirements of section

1 202 of the International Emergency Economic Pow-
2 ers Act (50 U.S.C. 1701) shall not apply for pur-
3 poses of this section.

4 **SEC. 8. PROHIBITION ON TRANSFERS OF FUNDS INVOLV-**
5 **ING THE RUSSIAN FEDERATION.**

6 (a) IN GENERAL.—Except as provided by subsection
7 (b), not later than 15 days after a covered determination
8 is made, a depository institution (as defined in section
9 19(b)(1)(A) of the Federal Reserve Act (12 U.S.C.
10 461(b)(1)(A))) or a broker or dealer in securities reg-
11 istered with the Securities and Exchange Commission
12 under the Securities Exchange Act of 1934 (15 U.S.C.
13 78a et seq.) may not process transfers of funds—

14 (1) to or from the Russian Federation; or
15 (2) for the direct or indirect benefit of officials
16 of the Government of the Russian Federation.

17 (b) EXCEPTION.—A depository institution, broker, or
18 dealer described in subsection (a) may process a transfer
19 described in that subsection if the transfer—

20 (1) arises from, and is ordinarily incident and
21 necessary to give effect to, an underlying transaction
22 that is authorized by a specific or general license;
23 and

1 (2) does not involve debiting or crediting an ac-
2 count affiliated with the Russian Federation or held
3 by a Russian person.

4 (c) RUSSIAN PERSON DEFINED.—In this section, the
5 term “Russian person” means—

6 (1) a citizen or national of the Russian Federa-
7 tion; or

8 (2) an entity organized under the laws of the
9 Russian Federation or otherwise subject to the juris-
10 diction of the Government of the Russian Federa-
11 tion.

12 **SEC. 9. PROHIBITION ON LISTING OR TRADING OF RUSSIAN**
13 **ENTITIES ON UNITED STATES SECURITIES**
14 **EXCHANGES.**

15 (a) IN GENERAL.—Not later than 15 days after a
16 covered determination is made, the Securities and Ex-
17 change Commission shall prohibit the securities of an
18 issuer described in subsection (b) from being traded on
19 a national securities exchange.

20 (b) ISSUERS.—An issuer described in this subsection
21 is an issuer that is—

22 (1) an official of or individual affiliated with the
23 Government of the Russian Federation; or

24 (2) an entity that—

1 (A) the Government of the Russian Fed-
2 eration has an ownership interest in; or

3 (B) is otherwise affiliated with the Govern-
4 ment of the Russian Federation.

5 (c) DEFINITIONS.—In this section:

6 (1) ISSUER; SECURITY.—The terms “issuer”
7 and “security” have the meanings given those terms
8 in section 3(a) of the Securities Exchange Act of
9 1934 (15 U.S.C. 78c(a)).

10 (2) NATIONAL SECURITIES EXCHANGE.—The
11 term “national securities exchange” means an ex-
12 change registered as a national securities exchange
13 in accordance with section 6 of the Securities Ex-
14 change Act of 1934 (15 U.S.C. 78f).

15 **SEC. 10. PROHIBITION ON INVESTMENTS BY UNITED**
16 **STATES FINANCIAL INSTITUTIONS THAT BEN-**
17 **EFIT THE GOVERNMENT OF THE RUSSIAN**
18 **FEDERATION.**

19 (a) IN GENERAL.—Not later than 15 days after a
20 covered determination is made, the Secretary of the Treas-
21 ury shall prohibit any United States financial institution
22 from making any investment described in subsection (b).

23 (b) INVESTMENTS DESCRIBED.—An investment de-
24 scribed in this subsection is a monetary investment in or
25 to—

1 (1) an entity owned or controlled by the Gov-
2 ernment of the Russian Federation; or

3 (2) the Armed Forces of the Russian Federa-
4 tion.

5 (c) UNITED STATES FINANCIAL INSTITUTION DE-
6 FINED.—In this section, the term “United States financial
7 institution”—

8 (1) means any financial institution that is a
9 United States person; and

10 (2) includes an investment company, private eq-
11 uity company, venture capital company, or hedge
12 fund that is a United States person.

13 **SEC. 11. PROHIBITION ON ENERGY EXPORTS TO, AND IN-**
14 **VESTMENTS IN ENERGY SECTOR OF, THE**
15 **RUSSIAN FEDERATION.**

16 (a) PROHIBITION ON EXPORTS.—

17 (1) IN GENERAL.—Not later than 15 days after
18 a covered determination is made, the Secretary of
19 Commerce shall prohibit, under the Export Control
20 Reform Act of 2018 (50 U.S.C. 4801 et seq.), the
21 export, reexport, or in-country transfer to or in the
22 Russian Federation of any energy or energy product
23 produced in the United States.

24 (2) DEFINITIONS.—In this subsection, the
25 terms “export”, “in-country transfer”, and “reex-

1 port” have the meanings given those terms in sec-
2 tion 1742 of the Export Control Reform Act of 2018
3 (50 U.S.C. 4801).

4 (b) PROHIBITION ON INVESTMENTS.—On and after
5 the date on which a covered determination is made, a
6 United States person may not make an investment in the
7 energy sector of the Russian Federation.

8 (c) SANCTIONS.—The President shall—

9 (1) impose the sanctions described in section
10 5(c) with respect to any foreign person that the
11 President determines knowingly sells, supplies,
12 transfers, markets, or provides goods, services, tech-
13 nology, information, or other support that facilitates
14 the maintenance or expansion of the production of
15 oil, uranium, natural gas, petroleum, petroleum
16 products, or petrochemical products for use by any
17 person subject to sanctions under section 5 or 6; and
18 (2) prohibit any United States person from en-
19 gaging in any transaction with a person described in
20 paragraph (1).

21 **SEC. 12. PROHIBITION ON PURCHASES OF SOVEREIGN**
22 **DEBT OF THE RUSSIAN FEDERATION BY**
23 **UNITED STATES PERSONS.**

24 On and after the date that is 15 days after a covered
25 determination is made, the purchase of sovereign debt of

1 the Government of the Russian Federation by any United
2 States person is prohibited.

3 **SEC. 13. PROHIBITION ON PROVISION OF SERVICES TO**
4 **SANCTIONED FINANCIAL INSTITUTIONS BY**
5 **INTERNATIONAL FINANCIAL MESSAGING SYS-**
6 **TEMS.**

7 Not later than 15 days after making a covered deter-
8 mination, and every 90 days thereafter, the President shall
9 impose sanctions pursuant to the International Emer-
10 gency Economic Powers Act (50 U.S.C. 1701 et seq.) with
11 respect to—

12 (1) any global financial communications serv-
13 ices provider that does not terminate the provision
14 of financial communications services to, and the ena-
15 bling and facilitation of access to such services for,
16 any financial institution subject to sanctions under
17 section 6 or any other provision of this Act; and

18 (2) the directors of, officers of, and share-
19 holders with a interest in, the provider.

20 **SEC. 14. PROHIBITION ON IMPORTING, AND SANCTIONS**
21 **WITH RESPECT TO, URANIUM FROM THE RUS-**
22 **SIAN FEDERATION.**

23 (a) PROHIBITION.—Not later than 15 days after
24 making a covered determination, the President shall pro-
25 hibit the importation of uranium from—

1 (1) the Russian Federation, including the im-
2 portation of any uranium from Rosatom State Cor-
3 poration or any subsidiary or successor entity; and

4 (2) any country that has uranium that was
5 originally sourced from the Russian Federation,
6 Rosatom State Corporation, or any subsidiary or
7 successor entity.

8 (b) SANCTIONS.—Not later than 15 days after mak-
9 ing a covered determination, and every 90 days thereafter,
10 the President shall impose sanctions described in section
11 5(c) with respect to—

12 (1) any directors of, officers of, and share-
13 holders with an interest in, Rosatom State Corpora-
14 tion or any subsidiary or successor entity; and

15 (2) any foreign government or foreign person
16 that has knowingly sold, supplied, transferred, or
17 purchased uranium originally sourced from the Rus-
18 sian Federation, Rosatom State Corporation, or any
19 subsidiary or successor entity.

20 **SEC. 15. INCREASES IN DUTIES ON GOODS AND SERVICES**
21 **IMPORTED FROM THE RUSSIAN FEDERATION.**

22 (a) IN GENERAL.—Not later than 15 days after mak-
23 ing a covered determination, the President shall, notwith-
24 standing any other provision of law, increase the rate of
25 duty for all goods and services, including oil, natural gas,

1 petroleum, petroleum products, and petrochemical prod-
2 ucts, imported into the United States from the Russian
3 Federation to a rate of not less than the equivalent of 500
4 percent ad valorem.

5 (b) RECOMMENDATIONS FOR HIGHER RATE.—The
6 United States Trade Representative, in consultation with
7 the Secretary of the Treasury, the Secretary of Commerce,
8 and the heads of other relevant Federal agencies, shall
9 provide recommendations to the President with respect to
10 goods and services described in subsection (a) that should
11 be subject to a rate of duty that exceeds the equivalent
12 of 500 percent ad valorem.

13 (c) DUTY RATE IN ADDITION TO ANTIDUMPING AND
14 COUNTERVAILING DUTIES.—The rate of duty required
15 under subsection (a) with respect to a good or service de-
16 scribed in that subsection shall be in addition to any anti-
17 dumping or countervailing duty applicable with respect to
18 the good or service under title VII of the Tariff Act of
19 1930 (19 U.S.C. 1671 et seq.).

20 **SEC. 16. IMPOSITION OF CAATSA SANCTIONS.**

21 Not later than 15 days after making a covered deter-
22 mination, and every 90 days thereafter, the President shall
23 impose all sanctions described in section 235 of the Coun-
24 tering America's Adversaries Through Sanctions Act (22

1 U.S.C. 9529) that are not already applicable with respect
2 to—

- 3 (1) the Russian Federation; and
- 4 (2) any person described in section 5 or 6.

5 **SEC. 17. DUTIES ON COUNTRIES THAT PURCHASE RUSSIAN-**
6 **ORIGIN OIL, URANIUM, AND PETROLEUM**
7 **PRODUCTS.**

8 (a) IN GENERAL.—Not later than 15 days after mak-
9 ing a covered determination, and every 90 days thereafter,
10 the President shall, notwithstanding any other provision
11 of law, increase the rate of duty for all goods or services
12 imported into the United States from a country described
13 in subsection (b) to a rate of not less than the equivalent
14 of 500 percent ad valorem.

15 (b) COUNTRIES DESCRIBED.—A country is described
16 in this subsection if the country knowingly sells, supplies,
17 transfers, or purchases oil, uranium, natural gas, petro-
18 leum products, or petrochemical products that originated
19 in the Russian Federation.

20 (c) DUTY RATE IN ADDITION TO ANTIDUMPING AND
21 COUNTERVAILING DUTIES.—The rate of duty required
22 under subsection (a) with respect to a good or service de-
23 scribed in that subsection shall be in addition to any anti-
24 dumping or countervailing duty applicable with respect to

1 the good or service under title VII of the Tariff Act of
2 1930 (19 U.S.C. 1671 et seq.).

3 (d) WAIVER.—

4 (1) IN GENERAL.—The President may waive
5 the application of subsection (a) one time for a pe-
6 riod of not more than 180 days with respect to a
7 country, a good, or a service if the President deter-
8 mines that such a waiver is in the national security
9 interests of the United States.

10 (2) PROHIBITION ON WAIVERS FOR CERTAIN
11 COUNTRIES.—The President may not waive the ap-
12 plication of subsection (a) with respect to—

13 (A) a country the government of which the
14 Secretary of State has determined has repeat-
15 edly provided support for acts of international
16 terrorism (commonly referred to as a “state
17 sponsor of terrorism”), for purposes of—

18 (i) section 1754(c)(1)(A)(i) of the Ex-
19 port Control Reform Act of 2018 (50
20 U.S.C. 4813(c)(1)(A)(i));

21 (ii) section 620A of the Foreign As-
22 sistance Act of 1961 (22 U.S.C. 2371);

23 (iii) section 40(d) of the Arms Export
24 Control Act (22 U.S.C. 2780(d)); or

25 (iv) any other provision of law; or

1 (B) a country specified in section
2 4872(f)(2) of title 10, United States Code.

3 **SEC. 18. EXCEPTIONS.**

4 (a) SUPPORT FOR PEOPLE OF THE RUSSIAN FED-
5 ERATION.—This Act shall not apply with respect to the
6 provision of humanitarian assistance (including medical
7 assistance) to the people of the Russian Federation.

8 (b) EXCEPTION FOR INTELLIGENCE ACTIVITIES.—
9 This Act shall not apply with respect to activities subject
10 to the reporting requirements under title V of the National
11 Security Act of 1947 (50 U.S.C. 3091 et seq.) or any au-
12 thorized intelligence activities of the United States.

13 (c) EXCEPTION TO COMPLY WITH INTERNATIONAL
14 OBLIGATIONS.—Sanctions under this Act shall not apply
15 to the admission of an alien if the admission of that alien
16 is necessary to comply with United States obligations
17 under the Agreement between the United Nations and the
18 United States of America regarding the Headquarters of
19 the United Nations, signed at Lake Success June 26,
20 1947, and entered into force November 21, 1947, under
21 the Convention on Consular Relations, done at Vienna
22 April 24, 1963, and entered into force March 19, 1967,
23 or under other international agreements.

1 **SEC. 19. IMPLEMENTATION; PENALTIES.**

2 (a) IMPLEMENTATION.—The President may exercise
3 all authorities provided under sections 203 and 205 of the
4 International Emergency Economic Powers Act (50
5 U.S.C. 1702 and 1704) to carry out this Act.

6 (b) PENALTIES.—A person that violates, attempts to
7 violate, conspires to violate, or causes a violation of this
8 Act or any regulation, license, or order issued to carry out
9 this Act shall be subject to the penalties set forth in sub-
10 sections (b) and (c) of section 206 of the International
11 Emergency Economic Powers Act (50 U.S.C. 1705) to the
12 same extent as a person that commits an unlawful act de-
13 scribed in subsection (a) of that section.

14 **SEC. 20. TERMINATION AUTHORITY; REIMPOSITION OF**
15 **SANCTIONS.**

16 (a) IN GENERAL.—The President may terminate the
17 application of sanctions, prohibitions, restrictions, duties,
18 and penalties under this Act if the President certifies to
19 Congress that—

20 (1) all actors described in subsection (a) of sec-
21 tion 4 have verifiably ceased engaging in acts de-
22 scribed in subsection (b) of that section; and

23 (2) the Government of the Russian Federation
24 has entered into a peace agreement with Ukraine.

25 (b) REIMPOSITION.—If, after the submission of a cer-
26 tification described in subsection (a), an actor described

1 in subsection (a) of section 4 engages in an act described
2 in subsection (b) of that section, the President shall imme-
3 diately reimpose all previously terminated sanctions, pro-
4 hibitions, restrictions, duties, and penalties imposed under
5 this Act, in addition to new sanctions, prohibitions, re-
6 strictions, duties, and penalties under this Act.

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[DISCUSSION DRAFT]119TH CONGRESS
1ST SESSION**H. R.** _____

To secure a peaceful resolution to the Russia-Ukraine conflict by requiring the Secretary of the Treasury to prohibit, or impose strict conditions on, the opening or maintaining in the United States of a correspondent account or a payable-through account by certain foreign financial institutions, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

M. _____ introduced the following bill; which was referred to the Committee on _____

A BILL

To secure a peaceful resolution to the Russia-Ukraine conflict by requiring the Secretary of the Treasury to prohibit, or impose strict conditions on, the opening or maintaining in the United States of a correspondent account or a payable-through account by certain foreign financial institutions, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

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1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “Preventing the Escalation of Armed Conflict in Europe Act of 2025” or the
3
4 “PEACE Act of 2025”.

5 SEC. 2. FINDINGS.

6 Congress finds the following:

7 (1) During the night of March 6-7, 2025, only
8 one week after the President called for peace between Russia and Ukraine, the Russian military
9
10 bombarded Ukrainian energy infrastructure and civilian residences.
11

12 (2) DTEK, a Ukrainian gas producer, noted
13 that the assault represented the sixth Russian attack
14 on its Odesa facilities in just the preceding two and
15 a half weeks.

16 (3) On March 7, 2025, the President published
17 the following statement: “Based on the fact that
18 Russia is absolutely ‘pounding’ Ukraine on the battlefield right now, I am strongly considering large
19
20 scale Banking Sanctions, Sanctions, and Tariffs on
21 Russia until a Cease Fire and FINAL SETTLEMENT AGREEMENT ON PEACE IS REACHED.
22
23 To Russia and Ukraine, get to the table right now,
24 before it is too late.”.

1 **SEC. 3. SANCTIONS WITH RESPECT TO THE RUSSIAN FED-**
2 **ERATION.**

3 (a) IN GENERAL.—Not later than 180 days after the
4 date of the enactment of this Act, the Secretary of the
5 Treasury shall prescribe regulations to prohibit, or impose
6 strict conditions on, the opening or maintaining in the
7 United States of a correspondent account or a payable-
8 through account by a foreign financial institution that
9 knowingly provides significant financial services to—

10 (1) any foreign person designated for the im-
11 position of sanctions with respect to the Russian Fed-
12 eration under—

13 (A) Executive Orders 13660, 13661,
14 13662, 13685, or 14024; or

15 (B) title II of the Countering America's
16 Adversaries through Sanctions Act (Public Law
17 114–44) or an amendment made by that title;

18 (2) a foreign financial institution subject to the
19 prohibitions of Directive 2 under Executive Order
20 14024;

21 (3) an entity listed in Annex 1 of Directive 3
22 under Executive Order 14024; or

23 (4) any foreign person that the Secretary finds
24 operates in the energy sector of the Russian Federa-
25 tion.

26 (b) IMPLEMENTATION; PENALTIES.—

1 (1) IMPLEMENTATION.—The President may ex-
2 ercise all authorities provided under sections 203
3 and 205 of the International Emergency Economic
4 Powers Act (50 U.S.C. 1702 and 1704) to carry out
5 this section.

6 (2) PENALTIES.—A person that violates, at-
7 tempts to violate, conspires to violate, or causes a
8 violation of this section or any regulation, license, or
9 order issued to carry out this section shall be subject
10 to the penalties set forth in subsections (b) and (c)
11 of section 206 of the International Emergency Eco-
12 nomic Powers Act (50 U.S.C. 1705) to the same ex-
13 tent as a person that commits an unlawful act de-
14 scribed in subsection (a) of that section.

15 **SEC. 4. WAIVER.**

16 With respect to a foreign financial institution, the
17 President may waive the requirements of section 3(a) for
18 not more than 90 days at a time upon reporting to Con-
19 gress that—

20 (1) the waiver advances the objective of resolv-
21 ing the national emergency described in any Execu-
22 tive Order listed under section 3(a)(1); or

23 (2) the waiver is important to the national in-
24 terest of the United States, provided that the Presi-

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1 dent includes a detailed explanation of the reasons
2 therefor.

3 **SEC. 5. TERMINATION.**

4 This Act shall have no force or effect on the earlier
5 of—

6 (1) 30 days after the date that the President
7 reports to Congress that the Russian Federation has
8 ceased destabilizing activities with respect to the sov-
9 ereignty and territorial integrity of Ukraine; or

10 (2) the date that is 5 years after the date of the
11 enactment of this Act.

[DISCUSSION DRAFT]119TH CONGRESS
1ST SESSION**H. R.** _____

To amend the Special Drawing Rights Act in order to strengthen congressional oversight with respect to allocations of Special Drawing Rights by the International Monetary Fund, and to prohibit such allocations for perpetrators of genocide and state sponsors of terrorism without congressional authorization, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

M. _____ introduced the following bill; which was referred to the
Committee on _____

A BILL

To amend the Special Drawing Rights Act in order to strengthen congressional oversight with respect to allocations of Special Drawing Rights by the International Monetary Fund, and to prohibit such allocations for perpetrators of genocide and state sponsors of terrorism without congressional authorization, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Special Drawing
3 Rights Oversight Act of 2025”.

4 **SEC. 2. FINDINGS.**

5 The Congress finds as follows:

6 (1) The allocation of Special Drawing Rights
7 (SDRs) through the International Monetary Fund
8 (IMF) creates unconditional liquidity for IMF mem-
9 ber countries.

10 (2) According to article XVIII of the Articles of
11 Agreement of the IMF, allocations of SDRs “shall
12 seek to meet the long-term global need” in reserve
13 assets.

14 (3) SDRs are allocated in proportion to the
15 quotas of IMF members, such that the G20 alone is
16 entitled to approximately two-thirds of a general al-
17 location. At the same time, the Board of Governors
18 of the Federal Reserve System has swap line ar-
19 rangements with the central banks of eight G20
20 members, including the European Central Bank, the
21 Bank of Japan, and the Bank of England, for the
22 purpose of providing sufficient liquidity.

23 (4) The size of SDR allocations has expanded
24 dramatically, rising from 9,300,000,000 SDRs in
25 1970–1972, to 12,100,000,000 SDRs in 1979–1981,
26 to 204,000,000,000 SDRs in 2009, with proposals

1 for a new, unilateral allocation that bypasses con-
2 gressional authorization in an amount of approxi-
3 mately 450,000,000,000 SDRs.

4 (5) Under current law, the Secretary of the
5 Treasury is able to bypass Congress and approve an
6 allocation of SDRs in a manner that provides uncon-
7 ditional liquidity in the following approximate
8 amounts: \$41,700,000,000 to the People's Republic
9 of China; \$17,600,000,000 to the Russian Federa-
10 tion; \$4,900,000,000 to the Islamic Republic of
11 Iran, and \$5,000,000,000 to Venezuela. In addition,
12 current law permits allocations in these amounts to
13 be made in successive years that span two basic pe-
14 riods.

15 (6) In the 98th Congress, the House of Rep-
16 resentatives passed the bipartisan International Re-
17 covery and Financial Stability Act, which would have
18 prohibited new allocations of SDRs without congres-
19 sional authorization.

20 **SEC. 3. STRENGTHENING CONGRESSIONAL OVERSIGHT.**

21 Section 6 of the Special Drawing Rights Act (22
22 U.S.C. 286q) is amended—

23 (1) in subsection (a)—

24 (A) by striking “each basic period” and in-
25 serting “any 10-year period”; and

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1 (B) by inserting “25 percent of” before
 2 “the United States quota”; and
 3 (2) in subsection (b)—

4 (A) by inserting “, or consent to or acqui-
 5 esce in such an allocation,” before “without
 6 consultations”;

7 (B) by striking “90” and inserting “180”;
 8 and

9 (C) by inserting “Chairman and ranking
 10 minority members of” before “the appropriate
 11 subcommittees”.

12 **SEC. 4. PROHIBITION ON ALLOCATIONS FOR PERPETRA-**
 13 **TORS OF GENOCIDE AND STATE SPONSORS**
 14 **OF TERRORISM WITHOUT CONGRESSIONAL**
 15 **AUTHORIZATION.**

16 Section 6(b) of the Special Drawing Rights Act (22
 17 U.S.C. 286q(b)) is amended by adding at the end the fol-
 18 lowing:

19 “(6) Unless Congress by law authorizes such action,
 20 neither the President nor any person or agency shall on
 21 behalf of the United States vote to allocate Special Draw-
 22 ing Rights under article XVIII, sections 2 and 3, of the
 23 Articles of Agreement of the Fund to a member country
 24 of the Fund, if the President of the United States has
 25 found that the government of the member country—

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1 “(A) has committed genocide at any time dur-
2 ing the 10-year period ending with the date of the
3 vote; or

4 “(B) has repeatedly provided support for acts
5 of international terrorism.”.

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.....
(Original Signature of Member)

119TH CONGRESS
1ST SESSION

H. R. _____

To continue the pause on disbursements and new financing commitments
to the Government of Burma.

IN THE HOUSE OF REPRESENTATIVES

M. _____ introduced the following bill; which was referred to the
Committee on _____

A BILL

To continue the pause on disbursements and new financing
commitments to the Government of Burma.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “No New Burma Funds
5 Act”.

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1 **SEC. 2. CONTINUATION OF PAUSE ON WORLD BANK DIS-**
2 **BURSEMENTS AND COMMITMENTS TO**
3 **BURMA.**

4 The Secretary of the Treasury shall direct the United
5 States Executive Director at the International Bank for
6 Reconstruction and Development to use the voice and vote
7 of the United States to continue the pause by the Bank
8 on disbursements and the making of new financing com-
9 mitments to the Government of Burma, which was initi-
10 ated after a military coup overthrew the democratically
11 elected Government of Burma in 2021, unless the Sec-
12 retary of the Treasury determines that it is not in the
13 public interest to do so.

