

## CLARITY Act: A Crypto Cash Grab that is a Consumer Catastrophe

**CLARITY is another giveaway to the superrich.** The budget bill paid for generous tax breaks to the wealthy by pushing millions of people off Medicaid, SNAP, and other essential programs. CLARITY is much the same: a massive deregulatory bill backed by a gusher of campaign cash and lobbying muscle from ultra-wealthy venture capital firms and crypto billionaires. The bill will enrich them at the expense of consumers, communities, and financial stability.

President Trump may gain the most from this giveaway — his family's wealth and power is now inextricably rooted in crypto, with his family and companies making \$1.2 billion in crypto just in the past few months. CLARITY (along with related crypto bills being considered) is a custom-built framework that gives him and his billionaire allies a green light to manipulate financial markets while working families are left holding the bag.

**CLARITY worsens crypto corruption.** Despite the serious questions raised by the President's crypto ventures, CLARITY fails to address the unprecedented ethical concerns posed by the promotion of crypto ventures by high government officials. Such conflicts of interest not only incentivize corruption but also raise doubts about whether regulators can and will enforce the law if these ventures pose risks to people or the financial system.

**CLARITY legitimizes risky and exploitative crypto industry practices.** The bill has massive exemptions for a wide swathe of the industry, essentially amounting to a get out jail free card for many risky crypto products and practices. Crypto firms are allowed to trade against their clients while keeping them in the dark. The investor protections that are included are weaker than existing law and largely leave investors to fend for themselves. And the bill's weak or nonexistent measures to address money laundering and illicit finance mean crypto will continue to fuel and finance criminal actors and national security threats.

**CLARITY creates market confusion and chaos.** The bill makes crypto regulation even less clear. The bill largely guts federal financial regulators' enforcement powers, undermines state regulators' ability to protect crypto consumers, and creates vague new definitions for crypto financial products that promote regulatory evasion, paralyze regulators, and encourage industry lawsuits to widen regulatory loopholes. It is a gift to crypto grifters masquerading as reform.

**CLARITY undoes decades of investor protection law and jurisprudence and invites regulatory evasion.** CLARITY's greatest threat is that it creates loopholes that allow crypto and other financial firms to evade existing market regulations that protect consumers, investors, and financial markets. This would create a race to the bottom and fuel fraud and financial instability. Investors who never touch crypto could still be harmed by CLARITY's corrosive effect on consumer financial protections if crypto crashes imperil financial stability.

**Passage of CLARITY ignores financial regulatory lessons of the past.** CLARITY has inherent structural flaws that cannot be remedied by simple amendments. And, passage of CLARITY guarantees the crypto industry will be given kid-glove treatment by conflicted and captured regulators, putting investors and the economy at significant risk. The deregulation of the 1990s that purportedly promoted so-called financial innovation led directly to the 2008 financial crisis. The crypto industry has dusted off this same playbook, but Congress shouldn't be fooled. We strongly urge the Congress to vote against this bill.