



October 24, 2023

The Honorable Elizabeth Warren
309 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Roger Marshall
479A Russell Senate Office Building
Washington, D.C. 20002

The Honorable Sean Casten
2440 Rayburn House Office Building
Washington, D.C. 20515

Dear Senator Warren, et al,

In your recent letter to the Department of the Treasury and the White House, you expressed concern at the role cryptocurrency supposedly played in helping Hamas raise funds and conduct financial transactions. While we all agree that the U.S. must work to monitor and curtail terrorist financing through all available means, your letter is based on heavily flawed reporting that grossly misrepresents Hamas' use of crypto. It is vital to American interests that cryptocurrency regulation is based on facts, not fear.

Your letter begins with the claim that "Hamas raised millions of dollars in crypto," estimating a sum in excess of \$100 million. The sole source for this statistic is a Wall Street Journal article which itself cites a report reliant on egregiously flawed blockchain analysis methods.

Indeed, this estimate assumes that *all* flows through exchanges or service providers which have ever facilitated Hamas-related transactions represent payments to Hamas. In other words, if an exchange processed \$2 billion worth of transactions and \$2,000 worth of those transactions were connected to Hamas, the accounting metric employed by your letter would assume that all \$2 billion worth of transactions were Hamas financing.

In a recent article, the world's leading blockchain surveillance firm Chainalysis estimated the true scale of transactions related to Hamas to be around 0.5% of the figures being widely reported – around \$450,000. In other words, the true amount of Hamas financing via crypto is likely in the hundreds of thousands of dollars, not in the hundreds of millions. Even if one were to accept these patently false estimates at face value, it is indisputable that Hamas receives the overwhelming majority of its funds via traditional fiat – not cryptocurrency.

Why does cryptocurrency make up such a small fraction of Hamas' funding? In part, because the usage of cryptocurrency actually makes the tasks of tracking payment flows, identifying supporters of terrorism, enforcing sanctions, and seizing funds markedly easier. As Chainalysis [explains](#), "*the unique transparency inherent in blockchain technology makes cryptocurrency particularly traceable and thus less suitable for illicit activities, including financing terrorism. Indeed, government agencies and private*

sector organizations armed with the right blockchain analysis solutions can collaborate to identify and disrupt the flow of funds – a feat not easily achievable with traditional forms of value transfer.”

In fact, the inherent traceability of cryptocurrency is precisely the reason Hamas suspended its crypto finance campaigns and implored its supporters to cease all Bitcoin donations. In an [announcement](#) on April 27 of this year, Hamas’ armed wing, AQB, cited successful government prosecution of crypto donors as the reason all its supporters must cease donations via this technology. Additionally, Israel quickly froze additional crypto accounts that were set up by Hamas after the initial attack. Put simply, it is significantly more difficult to the point of near infeasibility to use crypto for illicit activities such as terrorism.

In conclusion, the claims surrounding Hamas’ utilization of cryptocurrency are grossly overstated and fiat currency remains the overwhelmingly preferred method of terrorist financing by orders of magnitude. When organizations like Hamas do use crypto to raise money, it uniquely subjects their financial backers to levels of surveillance and prosecution not possible when traditional financial rails are employed. This is precisely why Hamas itself urged its supporters to cease crypto donations. In light of these facts, recent fearmongering around crypto’s role in terror financing appears to be little more than thinly veiled legitimization for dangerous attacks on Americans’ financial freedom and personal privacy. We strongly urge you and your fellow policy makers to let facts, not fear, inform additional crypto regulations.

In the meantime, we ask that you pursue aggressive oversight into how Hamas and other terrorist groups are actually financing their operations, including:

1. What steps can be taken to address the use of American aid by terrorist organizations, including but not limited to Hamas, PIJ, and Hezbollah?
2. Does the Administration have an estimate of how much of its financial contributions to groups like UNRWA have benefited Hamas?
3. To what extent are banks and financial institutions, foreign and domestic, linked to Hamas?
4. Does the Administration have an estimate of how much funding Hamas has received via fiat currency channels compared to cryptocurrency payment rails?

Sincerely,



David McIntosh
Co-Chairman
Blockchain Innovation Project



Tim Ryan
Co-Chairman
Blockchain Innovation Project

CC: The Honorable Brian E. Nelson, Under Secretary for Terrorism and Financial Intelligence
Jake Sullivan, National Security Advisor
All United States Senators
All United States Representatives