

AFL-CIO

LEGISLATIVE ALERT

July 14, 2025

Dear Representative:

On behalf of the AFL-CIO, I am writing to urge you to oppose two bills on crypto currency that may soon be up on the House floor for a vote this week. The GENIUS Act, (S. 1582) and the CLARITY Act (HR 3633) pose risks to both retirement funds and to the overall financial stability of the U.S. economy. Instead of regulating crypto currency, these bills will enable the crypto industry to operate without effective oversight, and this will endanger the financial health of working people.

Poorly regulated crypto assets are dangerous to pensions:

Unions strongly support workers having retirement benefits and regularly negotiate for pension plans in employment contracts. But retirement plans are only solvent if their assets are protected from fraud and unethical practices. Neither of these bills provide a regulatory structure for crypto assets or stablecoin that is similar to that of other assets in pensions. While currently most pensions do not carry crypto assets because of the risks associated with them, the bills provide the facade of regulation that may make these assets more mainstream in portfolios. Passing this legislation will allow the proliferation of assets that investors will wrongly perceive as safe.

But the problem with these bills is more significant than they do not provide strong regulations for pensions; if they are passed they will reduce the safety of many assets and create problems across retirement investments. We are particularly concerned that a loophole in the CLARITY Act (HR 3633) would allow non-crypto companies to put their stock on the blockchain and evade the entire securities regulatory framework that currently exists. This would reduce reporting requirements, disclosures and other obligations. These changes would put pensions and 401k plans in jeopardy of having unsafe assets even if they were invested in traditional securities.

Because we believe in strong, safe pensions that are there for workers in their retirement, we oppose these bills and ask that you do the same.

Financial instability would increase:

The AFL-CIO has always supported measures that properly regulate financial markets so that working people are not cheated of their hard earned wages. In the aftermath of the 2008 financial crisis which had its genesis in unregulated derivatives markets and widespread fraudulent banking activities, we supported legislation that created the Consumer Financial Protection Bureau (CFPB) and strengthened financial regulations through the Dodd-Frank Act.

The GENIUS and CLARITY Acts do not protect consumers, workers or the financial system and instead they expose all to more risk. The GENIUS Act would allow tech companies to become de facto banks or issuers of a corporate currency, without requiring them to adhere to equivalent bank regulatory oversight. Stablecoins are not inherently stable and the assets that are permitted

to back the value of stablecoins in the bill are not sufficiently strong. Thus, a situation similar to the failure of Silicon Valley Bank (SVB), which was brought about by the failure of the stablecoin peg, looms large. The bills also do little to curb the fraud, illegal activity and corruption that continues to be prevalent in anonymous crypto markets. As such, these bills provide the perfect environment for the next financial crisis to germinate.

Oppose These Bills

For all the reasons above and more, the AFL-CIO strongly urges you to vote no on the GENIUS Act, (S. 1582) and no on the CLARITY Act (HR 3633). Working people need policies that effectively regulate financial markets and ensure that hard earned retirement benefits are not endangered by risky assets. We need to make sure that the financial system is stable instead of creating a casino for crypto billionaires to make more profits.

Sincerely,

A handwritten signature in black ink, appearing to read "Jody Calamine". The signature is fluid and cursive, with a large, stylized "J" and "C".

Jody Calamine
Director, Government Affairs