

United States Senate

WASHINGTON, DC 20510

January 19, 2018

The Honorable Steven Mnuchin
Secretary
U.S. Department of Treasury
1500 Pennsylvania Ave, NW
Washington, D.C. 20220

Dear Secretary Mnuchin:

We write to express our concerns regarding Venezuelan President Nicolás Maduro's purported development of a cryptocurrency for the explicit purpose of evading sanctions levied by the United States.¹ On December 3, 2017, during his weekly radio and TV broadcast, Maduro announced the launch of a cryptocurrency, the "petro," to be backed by Venezuela's oil reserves.² According to Maduro, the petro "will help defeat the financial blockade."³ We have serious doubts about whether Venezuela has the capacity to launch a cryptocurrency, but regardless, it is imperative that the U.S. Treasury Department is equipped with tools and enforcement mechanisms to combat the use of cryptocurrency to evade U.S. sanctions in general, and in this case in particular.

As Venezuela's people continue to suffer through a years-long economic crisis that has put food, medicine, and basic services out of reach, and thousands continue to protest the failed and brutal policies of the regime, Maduro has shored up financial support for external actors, ignored the humanitarian and political demands of his citizens, and become more belligerent than ever. The United States has responded appropriately, imposing a wide array of targeted sanctions against Venezuelan officials in Maduro's inner circle. Maduro has proven that he will use every tool at his disposal to perpetuate his authoritarian objectives, including financial lifelines from Russia and China. As such, we are concerned that a cryptocurrency could provide Maduro a mechanism by which to make payments to foreign lenders and bondholders in the United States, actions that would clearly thwart the intent of U.S.-imposed sanctions. Furthermore, Maduro's actions and any corresponding response from the Department will be closely watched by foreign sovereign states like Russia and North Korea, that have expressed interest in either developing their own sovereign-backed cryptocurrencies or exploiting other cryptocurrencies for nefarious purposes. As such, we urge you to closely monitor any developments and to provide information on the Department's efforts to ensure Venezuela does not utilize a cryptocurrency or other mechanisms

¹ https://www.nytimes.com/2018/01/03/technology/russia-venezuela-virtual-currencies.html?rref=collection%2Fsectioncollection%2Fbusiness-dealbook&action=click&contentCollection=dealbook®ion=stream&module=stream_unit&version=latest&contentPlacement=10&pgtype=sectionfront

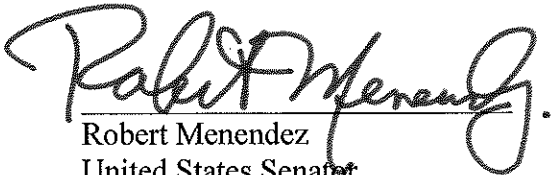
² <https://www.reuters.com/article/us-venezuela-economy/enter-the-petro-venezuela-to-launch-oil-backed-cryptocurrency-idUSKBN1DX0SQ>


³ <https://www.npr.org/sections/thetwo-way/2017/12/04/568299704/venezuela-will-create-new-petro-cryptocurrency-president-maduro-says>

to circumvent sanctions. Please provide responses to the following questions no later than January 31, 2018:

- (1) Is the Department monitoring Venezuela's efforts to develop of a cryptocurrency?
- (2) Under current authorities, does the Department have the ability to modify existing sanctions to limit the Venezuelan government's ability to circumvent sanctions using a new sovereign-backed or an existing cryptocurrency?
- (3) What tools can the Department use to intercede in the event that Venezuela attempts to utilize a new sovereign-backed or an existing cryptocurrency to make payments to foreign lenders and bondholders in contravention of U.S.-imposed sanctions?
- (4) Does the Department have effective enforcement mechanisms to follow and counter the use of cryptocurrencies?
- (5) To what extent is the Department monitoring the development of sovereign-backed cryptocurrencies in other countries, including Russia and North Korea?
- (6) To what extent is the Department monitoring possible nefarious uses of other cryptocurrencies by Venezuela, Russia, and North Korea?

Sincerely,


Robert Menendez
United States Senator


Marco Rubio
United States Senator