

**The Annual Testimony of the Secretary of the Treasury on the State of the International  
Financial System  
House Financial Services Committee  
April 6, 2022**

**Legislation**

- [H.R. 6891](#), the “Isolate Russian Government Officials Act of 2022,” as amended. (Rep. Wagner)
- [H.R. 6979](#), the “Stop Onerous Surcharges Act” (Rep. C. Garcia)
- [H.R. 6894](#), the “No Energy Revenues for Russian Hostilities Act.” (Rep. Barr)
- [H.R. 6899](#), the “Russia and Belarus SDR Exchange Prohibition Act of 2022,” as amended. (Rep. Hill)
- [H.R. 6900](#), the “Russian Sovereign Debt Prohibition Act.” (Rep. Huizenga)
- [H.R. 7066](#), the “Russia and Belarus Financial Sanctions Act” (Rep. Sherman)
- [H.R. 7081](#), the “Ukraine Comprehensive Debt Repayment Relief Act of 2022,” as amended. (Rep. C. Garcia)
- [H.R. 7080](#), the “Nowhere to Hide Oligarchs’ Assets Act,” as amended. (Rep. Waters)
- [H.R. 7128](#), the “Special Measures to Fight Modern Threats Act.” (Rep. Himes)
- [H.R. \\_\\_\\_\\_\\_](#), a bill that instructs the U.S. executive director at each of the multilateral development banks to vote against any project that provides a public subsidy to a private firm unless the subsidy is awarded using an open, competitive process or on an open-access basis, and for other purposes. (Rep. Waters)
- [H.R. \\_\\_\\_\\_\\_](#), the “OFAC Exchange Act.” (Rep. Lynch)
- [H.R. \\_\\_\\_\\_\\_](#), the “Financial Intermediary Transparency and Accountability Act.”
- [H.R. \\_\\_\\_\\_\\_](#), the “Enhancing Equity and Transparency in IMF Lending Act.”
- [H.R. \\_\\_\\_\\_\\_](#), the “No More American Capital For Russia and Belarus Act.”
- [H.R. \\_\\_\\_\\_\\_](#), the “Delist Russia and Belarus from U.S. Exchanges Act.”
- [H.R. \\_\\_\\_\\_\\_](#), a bill that requires public reporting requirements by the Department of Treasury for any project for which the U.S. votes in support of, or abstains from voting on, under Treasury’s “Fossil Fuel Energy Guidance for Multilateral Development Banks (MDBs),” issued on August 16, 2021.

**Opening Statements**

**Chairwoman Waters (D-CA)** remarked that this is a very timely hearing due to the war occurring in Ukraine. She continued that the most powerful sanctions to date have blocked Russia from the financial system and commended Yellen and President Biden on their work with US allies. Waters looked forward to hearing back from the financial and commercial industries that she sent a letter to over Russian disinvestment at the end of March. She referred to the March markup where the Committee marked up legislation concerning Russia.

**Ranking Member McHenry (R-NC)** stated that Yellen’s appearance in front of the Committee is a long time coming and noted that her appearance is long overdue. He discussed how China is taking note of the Russian invasion of Ukraine and believed that we knew that Russian troops were at the border last fall. McHenry discussed the Biden Administration giving SDR (Special Drawing Rights) allocations to Russia last year and that Republicans were concerned when SDRs were given. He believed their concerns were now validated. McHenry emphasized that the Treasury must accept congressional oversight and said that while the US needs to keep the pressure on Moscow, we need to keep an eye on China and Taiwan.

**Rep. Himes (D-CT)** could not remember a hearing where cooperation between Congress and the Executive Branch was so important given the war in Ukraine. He emphasized that Putin must answer to the laws and asked what more the US can do to help Ukraine.

**Rep. Barr (R-KY)** agreed with Himes but believed that we can do more by sanctioning energy-related transactions. He emphasized that the US needs to use all of its sanction power.

### **Witness Testimony**

**[The Honorable Janet L. Yellen](#), *Secretary of the Treasury***, discussed how international financial institutions (IFIs) are essential complements to U.S. foreign policy which have helped address COVID-19. She noted US leadership of IFIs represent a key pillar of sustaining the global order and international financial architecture. Yellen then went on to discuss how IFIs have become even more important in the wake of Russia’s invasion of Ukraine, and they will need to address spillover effects of the crisis, including food security, energy security, and debt sustainability. She closed by talking about the two critical IMF lending facilities, which the Biden Administration is currently seeking congressional authorization for, that will support vulnerable countries through these exceptional global shocks.

### **Member Questions**

**Chairwoman Waters (D-CA)** was concerned about the treatment of Caribbean countries and was concerned that as a result of US actions, Caribbean countries have been cut off from access to credit and financial institutions. She emphasized that de-risking has consequences for the US as well as the Caribbean. Waters asked Yellen to speak to the importance of this region and what the Treasury is doing to address de-risking. Yellen replied that financial inclusion is important for the US and the Treasury and expressed concern for de-risking as well. She said that the US has one of the lowest costs of sending remittances and she has seen remittances increase to the Caribbean and Latin America more generally. Yellen said that AML-CFT rules may be a further contributor to de-risking and thought that the best way forward is for jurisdictions to make publicly visible changes to AMF-CFT regimes which would give other countries confidence. She added that the Treasury is happy to engage in dialogue here.

**Ranking Member McHenry (R-NC)** said that Russia is still getting money every day for oil and energy transactions. He asked why licenses permitting bank purchases of Russian energy are being provided. Yellen replied that the Treasury is working closely with US partners for coordinated sanctions. McHenry clarified that he is asking about the licenses permitting bank purchases of Russian energy. Yellen replied that many of US European partners are dependent on Russian oil and gas and that the countries are committed to getting away from oil and gas as soon as possible and said that in the meantime, the US has issued these licenses. McHenry pivoted to China and asked if the Administration had issued a sanction warning to Beijing on the potential Chinese invasion of Taiwan. Yellen replied that the Treasury is working very closely with the Administration to have tools to respond to provocations in that regard, but she would not comment on hypotheticals. She assured McHenry that the Treasury is communicating with its interagency partners. Yellen added that sanctions have been put on China for forced labor and provocations with Hong Kong and emphasized that the Treasury is concerned with Taiwan and will act appropriately. McHenry asked if Yellen is open to all tools available if China were to move on Taiwan. Yellen replied absolutely and hoped that McHenry would not doubt the Treasury acting.

**Rep. Velazquez (D-NY)** discussed the Russian use of crypto and other digital assets to evade sanctions and asked how the Treasury is carrying out the pledge to make sure Russia does not do this. Yellen replied that the Treasury is monitoring Russia for any attempts to use crypto to evade sanctions and is tracking this carefully through its full use of tools as well as exchanging information on this with US partners. She added that FinCEN issued an alert regarding any suspicions of Russian crypto usage. Velazquez worried about crypto being used for illicit and criminal activity and said that the US will continue to disrupt any dark web networks and potential illicit usage. She moved to the refugee crisis due to the war in Ukraine and said that this could cost hosting states billions of dollars and asked how the Treasury aims to handle this refugee crisis. Yellen said that the Treasury is concerned about this and recognized the enormous burden this is going to place on host governments already struggling with other challenges like COVID and proximity to Ukraine. She added that there will be a variety of channels for support and said, as an example, that the European Bank for Reconstruction recently announced a \$2 billion Euro package to help with the refugee crisis.

**Rep. Wagner (R-MO)** was pleased that the Committee passed her bill, the Isolate Russian Government Officials Act, at the markup last month and asked if Russia should be removed from the G20. Yellen responded that President Biden has asked for Russia's removal from the G20 which Yellen agreed with, and that the US will refrain from participating in meetings if Russia is not removed. Wagner asked if Russia should be removed from the Financial Action Task Force. Yellen replied that she has not looked into this, but Russia's engagement should be minimal. Wagner asked if Russia should be removed from the FSB. Yellen responded that Russia's role should be minimal and added that the US cannot decide Russia's membership with these

organizations alone but has made the US position clear. Wagner moved to China and its opaque lending abroad and asked Yellen which parts of the Chinese financial system pose the greatest risk to stability beyond its borders and asked what the FSOC is doing. Yellen believed that there are significant risks in the Chinese financial system especially in the property sector.

**Rep. Scott (D-GA)** stated that the Treasury Department has not sanctioned Russian oligarch Alisher Usmanov who valued at \$20 billion and wondered why the Treasury issued a special license for this oligarch to continue to do business as usual with American companies. He said there has to be a reason why and demanded answers on this. Scott added that this is Putin's favorite oligarch. Yellen could not give specific details on this individual but said that every day the Administration continues to impose sanctions saying that the Administration just issued new sanctions this morning. Scott asked about the Office of Foreign Assets Control and its role with this oligarch. Yellen said that this office plays an important role issuing sanctions on individuals. Scott was not pleased with her answers and worried this would become a black mark on the US. Yellen reassured him that the Treasury works closely with the State Department and National Security Council on issuing sanctions. Scott stated that the US's reputation as the world leader is at stake here. Yellen would not offer comments on this specific individual but said that the Administration has imposed a large number of sanctions on oligarchs and said that the Administration is not finished sanctioning Russian oligarchs.

**Rep. Lucas (R-OK)** stated that the Russian invasion of Ukraine has exacerbated economic uncertainty, and this has impacted Oklahoma due to the increase in fertilizer, grain, and gas prices. He was concerned about the number of rulemaking proposals coming out of the SEC with such a short amount of time and said that the sheer amount and complexity of these rulemakings combined with short comment periods could negatively impact the economy and consumers. Lucas asked Yellen to speak to the importance of market liquidity during times of economic uncertainty. Yellen replied that market liquidity is important and agreed with Lucas there. Lucas discussed potential sanctions the Administration is preparing and asked Yellen to speak to the urgency with which the EU plans to issue sanctions especially on coal and energy exports. Yellen referred to the new sanctions issued this morning that blocks Russia's Sberbank and Alfa Bank from participating in the financial system and that Europe is working at a rapid pace to announce additional sanctions but could not say specifics. She added that the EU recognizes the importance of depriving Russia of export revenue to the biggest extent but said that the EU is still dependent on Russian oil.

**Rep. Green (D-TX)** referred to Yellen's testimony where she talked about the vulnerability of variants and the impact other variants could have on the US. He asked if Yellen had discussed the potential COVID package with the Senate. Yellen replied that her colleagues in the White House have weighed in and are concerned that the US lacks the funds we need. Green appreciated the \$10 billion COVID deal but was concerned about the rest of the world. Yellen

agreed that we need additional COVID funding and believed that as long as the pandemic is still raging around the world, it will continue to impact the US. She asked again that Congress provide the authorization to lend resources to the IMF to prepare the world for future pandemics.

**Rep. Posey (R-FL)** asked if cutting the deficit spending and borrowing from the Fed would significantly contribute to reducing inflationary pressures. Yellen replied that the Fed is charged with controlling inflation and is taking steps to address the inflationary issue in the US. She added that the President's budget also addresses how to lower inflation. Yellen added that the deficit is coming way down this year. Posey thought that taxing unrealized capital gains would impact the allocation of capital and asked about this. Yellen replied that the cost of capital should be a determinant in investment spending and that most research suggests that the linkage is not terribly strong. Posey asked if we should think about re-calibrating the rush to eliminate fossil fuels. Yellen replied that we need to reduce our reliance on fossil fuels over time and said that the President has proposed using petroleum reserves and incentivizing investors to raise oil production in the US.

**Rep. Cleaver (D-MO)** said that the reckless Russian invasion has laid bare a number of things, one of them being the ability to create US sources of energy whether it be solar, fossil fuels, etc. He talked about the rising price of fertilizer and wondered if there are more things the Treasury can do to push the US toward a more sustainable nation in terms of energy. Cleaver was concerned that the political situation in Washington could prevent Americans from seeing the global threat of climate change. Yellen agreed that climate change is an existential threat and one that demands immediate attention. She added that President Biden has encouraged Congress to pass policies he supports on climate change and thought that the situation in global energy markets right now given the war in Ukraine should strengthen the resolve to address energy security. She hoped Congress would soon act on putting in place tax incentives for EVs and other aspects of the climate agenda.

**Rep. Luetkemeyer (R-MO)** was disappointed that it has been 345 days since Yellen has shown up to testify at the Small Business Committee and asked if she is ever going to testify on PPP. He said that it was law that she show up. Yellen said that her staff will work with him on this. Luetkemeyer agreed with a lot of the sanctions being placed on Russia but was concerned that the sanctions should have been proactive rather than reactive. He continued that we know that China is going to go into Taiwan at some point and asked if the Treasury is discussing deterrence strategies with the Administration. Yellen responded that the Administration told Russia that it would be heavily sanctioned upon invading Russia but that sanctions cannot be put in place prior. She answered that the Treasury is working with the Administration to have in place strategies regarding China and Taiwan. Luetkemeyer asked if financial stability will be threatened if a quarter of deposits are not insured by the FDIC. Yellen was unsure what he was referring to but added that deposit insurance plays a role in making runs on the economy rare.

Luetkemeyer said that CFPB Director Chopra made a speech last week where he said it was okay to limit access to deposit insurance and Luetkemeyer worried that this would hurt consumers. He hoped Yellen would be concerned about this.

**Rep. Beatty (D-OH)** worried about Ukrainian refugees and referred to last month's markup where she was pleased to have a bipartisan provision that was added that would allow the Treasury to use the US position on IFIs to encourage economic support of refugees. She asked how the financing made available by the IFIs be used to aid refugees. Yellen replied that IFIs have a critically important role with refugees and said that there will be meetings with the IMF and World Bank on this next week to ensure that aid is distributed equitably. Beatty was not pleased with the timeline of putting Harriet Tubman on the \$20 bill and understood that this is a problem Yellen inherited. She urged the process of this be moved faster. Yellen promised that she would do everything she could to expedite the process and said that the Treasury is still adhering to the original timeline. She added that it is a frustrating and time-consuming process.

**Rep. Huizenga (R-MI)** referred to Yellen's last appearance here with Powell where she said that inflation was transitory and asked her if she still believes that inflation is transitory. Yellen thought of transitory as tied to the pandemic and said that she still believes that the pandemic is lasting longer than expected. Huizenga discussed his legislation, Russian Sovereign Debt Prohibition Act, and hoped it would be considered in the next markup. He asked if the Biden Administration would oppose any SDRs with Iran. Yellen replied that the US will not exchange SDRs for dollars and did not think that would change. She added that there is no change in US policy as it has not been willing to allow Iran to use its SDRs. Huizenga asked if the Biden Administration still believes that the Revolutionary Guard is a terrorist organization. Yellen replied yes and the Revolutionary Guard is listed as so.

**Rep. Vargas (D-CA)** asked Yellen to explain more about the pandemic contributing to inflation. Yellen replied that in part, inflation represents the impact of supply bottlenecks and used the auto companies as an example here and the inability to get semiconductors causing car prices to go up. She added that there has been enormous demand for imports which result in higher shipping and trucking costs and explained that these issues are pandemic related as there was a huge increase of durable goods during the pandemic. Yellen added that the US has a very tight labor market and said that addressing the pandemic will help along with the work of the Fed. Vargas said that a lot of cars are selling above MSRP because of the pandemic. Yellen agreed that car inventory is depleted due to car companies not being able to produce at capacity because of semiconductor demand. She said that it takes a long time to increase semiconductor capacity. Yellen added that the war in Ukraine is also causing energy, wheat, corn, metals, etc. to increase which contribute to inflationary pressures.

**Rep. Barr (R-KY)** followed up with McHenry's questioning on the energy loopholes and referred to his bill, No Energy Revenues for Russian Hostilities Act, that would close the loophole or allow the Administration to arrange an escrow agreement. He asked if Yellen would be open to this approach. Yellen thought that something along those lines is worth exploring and a possible approach. She thought it was a constructive suggestion and that the Treasury could work with him. Yellen emphasized that the Treasury needs the flexibility to work with US partners. Barr agreed and said that his approach would allow for flexibility. He said that Yellen has a unique view into the regulatory landscape and wondered about the creation of frameworks with US partners. He asked what types of materials Yellen was given in terms of what the US commits to ensure that the terms are in line with US values. Yellen replied that the materials can be given to Congress and that these are for discussing regulations with partners around the world, but it does not prohibit action in the US and the US acting in its best interest.

**Rep. Foster (D-IL)** understood that Yellen is giving a speech tomorrow on digital assets and questioned how participants can assert their digital identity securely. He was happy to see Dep. Sec. Elizabeth Rosenberg on her announcement saying that the Treasury will focus on this during the year. Foster also talked about the digital driver's license being rolled out by some states and said that these allow a cell phone to be a second factor that will be crucial in combating identity fraud. He asked how the Treasury might be well equipped for this effort which will need interagency and global cooperation. Yellen thought that this was a very important initiative and said that the Treasury has wide ranging tools here given its broader role in the financial system. She added that the Treasury is fleshing out how to go forward with this digital agenda. Foster thought that international collaboration would be important from the start given the creation of a CBDC and thought this was very much in line with the Administration's goals of preventing financial fraud. He asked her about the EO on crypto and the Treasury's role. Yellen replied that the Treasury plays a role in assessing the future of money which entails the role of digital assets and how we can create an environment for responsible innovation. She added that we need a regulatory framework that we currently do not have and look at the pros and cons of a CBDC.

**Rep. Williams (R-TX)** followed up on Luetkemeyer's question on Yellen's appearance at the Small Business Committee. He continued that the Treasury has spent the past months discussing a global tax regime and worried that it would impact US businesses more than foreign businesses. Williams said that she could not follow through on any of this without the support from Congress and predicted that the Treasury would not get this support. He asked how the Treasury will improve its congressional engagement on this. Yellen replied that the Treasury has kept Congress up to date on the negotiations taking place in the OECD bill and said that Pillar 2 is ready for enactment. She added that the US is the only country in the world that has a minimum global tax and the provisions would greatly enhance the position of the US firms that face this now. Yellen added that a global minimum tax will stop the race to the bottom. Williams

said that raising taxes is not a winnable position. He referred to a study by the San Francisco Fed on inflation and how it points to government spending contributing to inflation. Williams asked who is hurt the most from inflation. Yellen replied that consumers are hurt by inflation with low-income earners being impacted the most.

**Rep. Sherman (D-CA)** said that at the beginning of the year we faced \$16 trillion in legacy LIBOR contracts and said that we have solved this problem and thanked Yellen for the Treasury's help on the LIBOR Act. He was also grateful for the Treasury's clarification around tax changes. Sherman moved to the issue of cryptocurrency and Russia potentially using crypto to evade sanctions and referred to his bill introduced today that would prevent this from happening. He was also interested in legislation that would revoke China's MFN status immediately if they moved against Taiwan. Sherman discussed the Tigray region of Ethiopia where 500,000 people have been killed by the government in collaboration with the government of Eritrea and asked what additional sanctions can be imposed on Eritrea (QFR). Sherman continued that it is hard to seize oligarchs' assets if you do not know who owns what and noted how finding money in yachts and mansions is easier than finding it in private equity funds, hedge funds, and venture capital that are not currently required to disclose beneficial ownership information on their investors to FinCEN or the SEC. He noted that the House COMPETES Act included an amendment that would require issuers of large issuances to file beneficial ownership with the SEC. He said that we need to know about the \$11 trillion private securities market if we are to know what's owned by Russian agencies and oligarchs. Sherman said that Maloney's Corporate Transparency Act would require the Treasury to establish a federal beneficial ownership database and asked for a timeframe of when they expect this database to be set up. Yellen replied that the Treasury is working with FinCEN on setting up this database as soon as possible. She shared the concerns of members of Congress who have raised concerns about hedge funds and private equity and said that the Treasury is actively considering a rule to address gaps in AML-CFT coverage for investment advisers and they believe this needs to be addressed. Sherman referred to the Climate Counselor in the Administration to coordinate climate-related finance and tax related policy and hoped for an update on Treasury's coordination with international partners.

**Rep. Hill (R-AR)** appreciated the conversation on SDR issues and said it is Russia's gold and SDRs that can be used to avoid sanctions and was happy that the Committee marked up Russia and Belarus SDR Exchange Prohibition Act to prevent this. He asked about IMF guidelines on SDRs. Yellen replied that the IMF has issued guidance on the appropriate use of SDRs and offered to get these guidelines to Congress as Hill has not seen it. Hill referred to his legislation on the allocation and oversight of SDRs. He asked if FinCEN should have nationwide authority to review any transaction of any amount over \$10,000. Yellen was not sure and would get back to him on this but knew that FinCEN had some concerns regarding geographic coverage and would like to see changes. Hill worried that with no limitations, any purchase of \$10,000 would

be added to a database. He talked about the performance of the Director of the IMF and had some concerns about her leadership and asked Yellen about this. Yellen replied that she has done a good job of leading the IMF and they have been supportive of the work of the World Bank to look into the World Bank's Doing Business Report. Hill said he was going to submit a letter requesting an investigation into the Director of the IMF.

**Rep. Perlmutter (D-CO)** gave Yellen the state of play on the SAFE Banking Act and wanted her to put the muscle of the Administration behind passing it. He explained that the SAFE Banking Act has been passed in the House six times and on a bipartisan basis each time but said that it keeps getting stuck in the Senate. Perlmutter said that people are getting killed and robbed since dispensaries are cash based and pointed to examples in California and Washington. He said that small and minority businesses need access to capital, and they would have access if the banking system was open to them. Yellen agreed that this is an important issue and that it is frustrating that the issue has not been resolved yet. She repeated her support for this bill and thought that a legislative solution is needed here. Perlmutter pivoted to Ukraine and asked what we should make of the Russian ruble recovery back in March and questioned if we should be worried about the recovery of the ruble given the sanctions. Yellen replied that the Russian economy is hurting right now.

**Rep. Loudermilk (R-GA)** talked about the implementation of AML and the beneficial ownership law and thought that this would require businesses to report to FinCEN. He worried about the regulatory burden as a result on these businesses and said that we do not want this to be an enforcement mechanism used by agencies. He asked what the plan is to work with state governments to make sure that these businesses know the regulatory compliance. Yellen replied that it is important to be in touch with businesses on this and would further work with Loudermilk on this. Loudermilk thought that there needs to be a plan going forward on how we are going to let businesses know the requirements put on them and a plan that Congress is aware of. He was concerned that the proposed rules are overly complicated and thought it would make it hard to enforce the rules consistently. Loudermilk asked if the Treasury and FinCEN will look into simplifying the rules. Yellen replied that FinCEN does want to minimize the burden on entities and said that there have been significant comments on this which FinCEN will go through.

**Rep. Lawson (D-FL)** discussed CDFIs and asked for Yellen's commitment regarding the CDFI fund. Yellen said that she would contact Lawson further on this and reiterated her support for CDFIs. Lawson talked about how some waited over six months for getting certified as a CDFI and asked Yellen about this. Yellen said she would work with him on this and look into it. Lawson asked if any information from the KleptoCapture Task Force has been useful. Yellen replied that this was just recently established by the DOJ to go after oligarchs, and they have

already had notable success in seizing property. She said this would be an important initiative in ensuring that sanctions work.

**Rep. Mooney (R-WV)** discussed Chinese lending terms and said that China has financed many companies around the world and asked why so many countries take Chinese loans and what is being done to change this. Yellen replied that developing countries do not prefer Chinese loans but want to have access to all the financing available and said that the Administration feels strongly about helping developing countries build infrastructure that address high quality lending practices rather than Chinese predatory practices. Mooney discussed the war in Ukraine and said that we need other countries beyond the US to sanction Russia and worried about the ability to put pressure on China if there was an invasion of Taiwan. Yellen was concerned about Chinese lending around the world and thought that Chinese lending can often be predatory. Mooney asked why we are not sanctioning Chinese leadership for what they are doing to the Uyghurs. Yellen replied that sanctions have been applied but who to sanction specifically is more up to the State Department.

**Rep. Gottheimer (D-NJ)** asked what the Treasury is doing to combat domestic terrorism. Yellen replied that the sanctions policy is being used along with other resources to address this threat. Gottheimer asked where there are gaps in sanctions authority that Congress could help with. Yellen replied that the Treasury has great sanctions powers but that there may be some discrete areas that have gaps. Gottheimer talked about guardrails for the crypto industry and was concerned about bad actors using crypto for illicit activities. He asked Yellen to talk about this. Yellen was aware of the possibility of using crypto to evade sanctions which is being carefully monitored and said that the Treasury has a good deal of authority here which it is using and said that on a large scale, it is hard to use crypto to evade sanctions. She added that so far, she has not seen crypto being used to evade sanctions.

**Rep. Davidson (R-OH)** asked if pursuing globalization should be done through executive order or if it should be done through treaties. He asked this because of the global minimum tax under OECD which would protect national sovereignty. Yellen responded that any change in tax law goes through Congress without question. She continued that we have a global financial system and regulatory systems need to coordinate with each other around the world. Davidson was concerned with FinCEN guidance due to the proposal that would prohibit self-hosted wallets and was encouraged by her dialogue with Gottheimer on digital assets. He asked if it would be fitting for the Treasury to enter into rulemaking on crypto given the EO. Yellen explained that the EO asks the government to look into digital assets and said that in most areas, the Administration has not come out with recommendations beyond stablecoins.

**Rep. Casten (D-IL)** wanted to understand the energy sanctions on Russia and wanted to understand how much we can block from the sale on international markets. Yellen replied that

the US has banned oil imports and that the issue with blocking oil exports is that many countries in Europe are dependent on that oil. She added that while the sanctions aim to implement maximum pain on Russia, the sanctions also want to avoid causing undue harm on others. Casten had the same question on food like with wheat and corn production which he will submit for the record.

**Rep. Budd (R-NC)** discussed terrorist financing and said that the government has already financed terrorism. He referred to a letter he sent to Yellen and said that the Boston Marathon Bomber received a stimulus check under the Biden Administration along with other incarcerated people. He asked for an updated number on how many incarcerated people received stimulus checks under the American Rescue Plan. Yellen did not have that number but said that this was not an IRS issue, but it was written in the law. Budd asked if the Biden Administration thinks it is okay that this money went to prisoners. Yellen repeated that the IRS is carrying out the law which Congress passed. Budd thought that taxpayer dollars should not be going to prisoners.

**Rep. Axne (D-IA)** asked Yellen if she thought the sanctions are working as they are intended to. Yellen thought that the sanctions are devastating Russia and isolating the Russian financial system. She continued that the Central Bank of Russia had a war chest of reserves that they counted on to be able to deal with the impact of the sanctions and the sanctions have now deprived at least half of the access to that war chest. Yellen continued that the Administration has imposed sanctions on exports like semiconductors which is critical to Russia's ability to build defense technology along with sanctioning oligarchs and members of the Russian government. She believed that all of this will have a devastating effect on the Russian economy and is already doing that. Axne wanted to talk about supply chain but will ask a QFR.

**Rep. Kustoff (R-TN)** talked about how it is increasingly expensive to live right now. Yellen understood inflationary pressures impacting families right now but discussed the tight labor market and the healthy balance sheets of families during the pandemic. Kustoff said that wages are not keeping up with goods and services. He turned to sanctions and applauded Waters' efforts to sanction oligarchs. Kustoff asked if any of the sanctions have touched Putin and his assets. Yellen replied that sanctions have been levied against Putin and his daughters. She was not sure if Putin personally is feeling the effects of the sanctions yet but said that Russia and their economy is definitely feeling these sanctions.

**Rep. Maloney (D-NY)** was interested in the Treasury's implementation of the Beneficial Ownership Act and thought that this should be a top priority for the Treasury. She said that the deadline for implementation is three months overdue and was disappointed in the implementation progress to date, especially since it makes it easier for Russian oligarchs to hide their money. Maloney asked for commitment on this by the end of the month. Yellen could not commit to having this done by the end of the month and said that this is tremendously important

legislation. She added that this is complex and could not commit to a deadline. Yellen said that it will be done before the end of the year. Maloney urged Yellen to get this done now. Maloney moved to the substance of the rule and thought that there are provisions in the rule that Treasury could implement to make the database more effective for law enforcement and others, including making the forms that companies fill out very clear and easy to understand, submitting forms in machine readable format as well as several recommendations from the Open Ownership organization. She asked what Treasury is doing to make the database as usable and effective as possible for the users of the database. Yellen replied that it has been a key consideration since the outset, and she would be happy to give her a briefing on FinCEN's work on this.

**Rep. Gonzalez (R-OH)** asked what we need at the IFIs to have more competitive offerings for the developing world to be able to compete with China. Yellen said that we need the multilateral banks to be adequately financed so they have the capacity to offer sufficient financing to developing countries and said that these countries need investments in their infrastructure. Gonzalez said that since arriving in Congress, he has always worked on Chinese influence at the IFIs and believed that they bought their influence on this. He talked about his bill, Accountability for World Bank Loans to China Act, and asked if China should graduate from the loan program. Yellen replied yes. Gonzalez asked how effectively the US is countering China's efforts to engage debt trap diplomacy and how transparent they are. Yellen emphasized the importance of transparency and noted that they have taken steps to increase Chinese lending transparency to other countries but acknowledged that they are not where they should be on this. Gonzalez said that Yellen mentioned that right now cryptocurrency markets are not being used in a major way by Russia to evade sanctions and asked her to confirm this. Yellen affirmed this and they had not seen major crypto usage to evade sanctions, but they would be monitoring this.

**Rep. Pressley (D-MA)** discussed the IMF surcharge policy and saw this as an unjust burden to countries trying to recover from COVID. She asked Yellen if the IMF is undermining welfare in the countries the US is trying to support. Yellen replied that she is supportive of the framework of the IMF surcharges and thought this allowed the IMF to keep its position as a lender of last resort. She thought that the surcharges should stay in place. Pressley disagreed and referred to a letter sent to Yellen by herself and 17 other Congressmen to urge these charges to stop. She thought that the detrimental impacts of these fees are not up for debate and asked if Yellen would review the surcharge policy. Yellen said that she could look at it and meet with Pressley further on this.