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Warren, Blumenthal Probe Meta on Potential Stablecoin Revival

Letter warns GENIUS Act has a major loophole allowing Big Tech companies like Meta to issue their own private currency as stablecoins

“Taxpayers could find themselves once again on the hook should Meta’s stablecoin experience a run. Policymakers would undoubtedly be asked to bail out a payments network with hundreds of millions, if not billions, of global users.”

Text of Letter (PDF)

Washington, D.C. – U.S. Senators Elizabeth Warren (D-Mass.), Ranking Member of the Senate Banking, Housing, and Urban Affairs Committee, and Richard Blumenthal (D-Conn.), Ranking Member of the Senate Homeland Security & Governmental Affairs Permanent Subcommittee on Investigations, sent a letter to Meta CEO Mark Zuckerberg, raising concerns about reports that Meta may be renewing its efforts to establish its own private currency, structured as a stablecoin.

“Big Tech companies’ issuing or controlling their own private currencies, like a stablecoin, would threaten competition across the economy, erode financial privacy, and cede control of the U.S. money supply to monopolistic platforms that have a history of abusing their power,” **wrote the Senators.** “Given these significant concerns, and Meta’s previous failed attempt at launching a stablecoin, we request information about Meta’s plans and deliberations on once again pursuing a stablecoin venture.”

Meta previously attempted to launch its own global stablecoin, Libra, in 2019, drawing widespread bipartisan opposition from lawmakers, regulators, and international financial authorities. The project was eventually abandoned after it failed to secure trust or regulatory approval. In the letter, the lawmakers warn that the GENIUS Act includes a major loophole that would allow Big Tech firms like Meta to re-enter the stablecoin space with minimal oversight. They also warn that Meta could use such a structure to sidestep regulatory scrutiny, consolidate even more economic power, and further erode financial privacy and competition.

“If Meta controlled its own stablecoin, the company could further pry into consumers’ transactions and commercial activity,” **the Senators highlight.** “Meta could consolidate significant economic power and undermine competition by effectively wielding its own payments system to push users to its other nonfinancial business lines or choke off access to small businesses or emerging competitors.”

They continue: “The GENIUS Act explicitly allows for Big Tech companies to issue stablecoins out of subsidiaries and affiliates that are not majority owned by the company. Facebook’s Libra project was structured as a third-party association owned by a range of corporate partners, including Facebook, but not majority-owned by Facebook... Congressional inquiries uncovered that Facebook would have effectively had a controlling influence over the project, nonetheless. In addition, the GENIUS Act includes a provision that enables the Trump administration to provide a waiver from these porous restrictions altogether.”

In addition to raising concerns that Meta has not ruled out launching a new private currency under the GENIUS Act’s weak guardrails, the Senators ask Meta to respond to a series of questions about the company’s current and future plans regarding stablecoins and digital payments.

This afternoon, the Senate invoked cloture on the GENIUS Act, and a final vote is expected next week. Despite earlier assurances from Leader Thune, Republican leadership has not allowed votes on amendments offered by both Democrat and

Republican lawmakers – including amendments to close loopholes to prevent Big Tech companies from issuing stablecoins and to prevent self-dealing by public officials and protect our national security.

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