Dear Speaker Pelosi, Leader Schumer, Leader McCarthy, and Leader McConnell,

Re: U.S. foreign policy and national security community support for including the ENABLERS Act in NDAA 2022.


The Trump administration’s identification of China as a strategic competitor marked an historic and necessary shift in U.S. policy. But increased focus on the CCP threat has also highlighted the extent to which the U.S. financial system remains exposed to abuses and vulnerable to infiltration—not only by China but Iran, Russia, and other authoritarian adversaries.

Fentanyl traffickers, CCP agents, and Chinese kleptocrats operating within the United States cannot navigate the U.S. financial and legal systems by themselves. Neither can Russian oligarchs or Iranian sanctions evaders. Instead, they have often taken advantage of unwitting or unscrupulous Americans to facilitate harmful activities. They can do so because, while U.S. banks are required to implement strong safeguards against money laundering and sanctions evasion, there are currently no such protections for lawyers, financial advisors, and other professionals involved in handling funds for foreign clients.

China’s fentanyl traffickers are fueling an opioid epidemic that kills tens of thousands of Americans each year. It is profitable for them to do so because, working with Latin American cartels, they can exploit U.S. lawyers, front companies, and real estate to launder funds.¹

The CCP has also exploited this lack of oversight to infiltrate strategic sectors and steal technology.² The Federal Bureau of Investigation recently highlighted the $10 trillion U.S. private investment fund sector as being at significant risk of exploitation by China, Iran, Russia, and other authoritarian states.

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and other foreign adversaries.\(^3\) State-controlled Chinese companies routinely employ complicated legal structures to obscure their true ownership and list on U.S. exchanges.\(^4\) And CCP agents have also used incorporation services to create shell companies that conceal efforts to infiltrate the U.S. defense industry.\(^5\)

Russian oligarchs’ extensive U.S.-based assets are now widely documented.\(^6\) But the United States has also reportedly become a haven for corrupt CCP officials and tycoons seeking to hide their ill-gotten gains in shell companies, trusts, and real estate.\(^7\) As Xi Jinping intensifies his crackdown on political dissent, illicit capital flight from China will likely accelerate.\(^8\)

As former Secretary of State Michael R. Pompeo tweeted recently, “Americans shouldn’t be helping corrupt CCP officials or fentanyl traffickers hide their money in America. Congress has a chance to act in the NDAA - The Enablers Act will correct loopholes that allow China’s genocidal regime to hide stolen money in America.”\(^9\)

The ENABLERS Act would help prevent the CCP, Iran, Russia, and other adversaries from accessing the U.S. financial system by requiring certain professionals engaged in handling client funds to flag suspicious transactions to the Department of the Treasury. It is particularly important that the legislation has been drafted to focus on high-risk activities and avoid inconveniencing the vast majority of honest American professionals working in relevant sectors.

As the United States encourages allies and partners to adopt a stronger stance against CCP abuses, Russian aggression, and Iranian sanctions evasion, it is important that we also take steps to ensure the integrity of our own financial system. Including the ENABLERS Act in this year’s NDAA is a timely opportunity to help keep Americans safe from the scourge of fentanyl, strengthen national security, and thwart authoritarian efforts to exploit and corrupt U.S. institutions.

Please note that we have signed this letter in a personal capacity. Affiliations are included below for reference only and do not indicate institutional endorsement.

Sincerely,

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\(^4\) David Barboza, “China’s Shell Game,” The Wire China, October 3, 2021, [https://www.thewirechina.com/2021/10/03/chinas-shell-game/](https://www.thewirechina.com/2021/10/03/chinas-shell-game/).


\(^8\) Edward White and Mercedes Ruehl, “China’s wealthy activate escape plans as Xi Jinping extends rule,” Financial Times, October 24, 2022, [https://www.ft.com/content/3e2376bf-24ef-407f-b0b0-c60bed4ec3f2](https://www.ft.com/content/3e2376bf-24ef-407f-b0b0-c60bed4ec3f2).

\(^9\) Michael R. Pompeo (@mikepompeo), Twitter post, October 31, 2022, [https://twitter.com/mikepompeo/status/1587131452705103872](https://twitter.com/mikepompeo/status/1587131452705103872).
Foreign Policy and National Security Support for ENABLERS Act in NDAA

Elliott Abrams
Chairman, Vandenberg Coalition
Senior Fellow for Middle Eastern Studies, Council on Foreign Relations

David Asher
Senior Fellow, Hudson Institute

Benham Ben Taleblu
Senior Fellow, Foundation for Defense of Democracies

Joseph Bosco
Former China Desk Country Director, Office of the Secretary of Defense
Advisory Committee, Global Taiwan Institute

Geoffrey Cain
Senior Fellow for Critical Emerging Technologies, Lincoln Network

Elaine Dezenski
Senior Director and Head of the Center on Economic and Financial Power, Foundation for Defense of Democracies

Mike Doran
Senior Fellow and Director, Center for Peace and Security in the Middle East, Hudson Institute

Mark Dubowitz
Chief Executive, Foundation for Defense of Democracies

David Feith
Former Deputy Assistant Secretary of State
Adjunct Senior Fellow, Center for a New American Security

Reuel Gerecht
Senior Fellow, Foundation for Defense of Democracies

Robert Greenway
Adjunct Fellow, Hudson Institute

Earl G. Matthews
Former Deputy Assistant to the President for National Security Affairs
and Senior Director for Defense Policy and Strategy, National Security Council

Henry Nau
Professor Emeritus, Department of Political Science, Elliott School of International Affairs, The George Washington University
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Richard Outzen
Nonresident Senior Fellow, Atlantic Council

David Peyman
Former Deputy Assistant Secretary of State

Matt Pottinger
Former Deputy National Security Advisor
Distinguished Visiting Fellow, Hoover Institution

Joel Rayburn
Former U.S. Special Envoy for Syria
Fellow, International Security Program, New America Foundation

Nathan A. Sales
Former Under Secretary of State for Civilian Security, Democracy, and Human Rights (Acting)
Nonresident Senior Fellow, Atlantic Council

Nate Sibley
Research Fellow, Kleptocracy Initiative, Hudson Institute

Nury Turkel
Senior Fellow, Hudson Institute

Miles Yu
Senior Fellow and Director of China Center, Hudson Institute

Matthew Zais
Former Principal Deputy Assistant Secretary of Energy
Nonresident Senior Fellow, Atlantic Council

Matthew Zweig
Former Senior Professional Staff Member, House Foreign Affairs Committee
Senior Policy Director, FDD Action