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TO: Senator Blunt Rochester

DATE: May 19<sup>th</sup>, 2026

FROM: COAD Secretary, Amos Callaway

**RE: GENIUS Act Loop Holes**

Dear Senator Blunt Rochester,

As an organization representing correctional officers serving communities across Delaware, the Correctional Officers Association of Delaware (COAD) writes today to thank you for your commitment to closing the critical loophole in the GENIUS Act that threatens public safety, the integrity of our financial system, and the communities our members are sworn to protect.

As you know, the GENIUS Act prohibits permitted payment stablecoin issuers from paying interest or yield on their products – a safeguard intended to prevent stablecoins from functioning like unregulated bank deposits. However, the law contains no parallel restrictions on crypto trading platforms such as PayPal or Coinbase, which remain free to offer customers interest or rewards on stablecoin holdings. This loophole effectively circumvents the intent of the law, creating an uneven regulatory landscape that benefits large, often offshore, trading platforms at the expense of transparent, accountable financial institutions rooted in our communities. Your efforts to address this discrepancy are both timely and critical.

Beyond the yield loophole, COAD has concerns about the anti-money laundering (AML) and Bank Secrecy Act (BSA) gaps in the current legislative framework. Scammers defraud victims, which are often the elderly, of billions of dollars each year, and the digital-asset marketplace has become an increasingly favored vehicle for money laundering, fraud, and other illicit financial activity. As correctional officers, our members see firsthand the consequences of financial crime: it funds drug trafficking, human trafficking, and organized criminal enterprises that fill our prisons and strain our justice system.

These concerns also bring broader consequences for the economic stability and institutional trust that Delaware communities depend upon. When financial systems lack clear safeguards and accountability standards, working families, retirees, and vulnerable consumers are often left exposed to scams, sudden losses, and deceptive practices with little opportunity for recovery. For correctional officers and other public servants, strong and transparent financial oversight is essential to maintaining confidence in the institutions that support our communities. Ensuring that digital-asset platforms operate under meaningful regulatory standards will help protect consumers, strengthen accountability, and prevent bad actors from exploiting gaps in the system at the expense of the public.

Thank you again for your dedication to closing the yield loophole and for your leadership in ensuring that any digital-asset regulatory framework includes robust AML, BSA, and KYC protections. Closing these gaps is essential to protect consumers, preserve community banking, and ensure that crypto market legislation serves the American people rather than those who would exploit unregulated digital channels for criminal gain.

Sincerely, Amos Callaway V, COAD Secretary