

United States Senate

WASHINGTON, DC 20510

October 8, 2019

Mr. Patrick Collison
Co-Founder and Chief Executive Officer
Stripe Inc.
510 Townsend St.
San Francisco, CA 94103

Dear Mr. Collison,

We write to share our deep concerns about Facebook's Libra crypto-currency project and the formation of the Libra Association. We are concerned because key questions remain unanswered about the risks the project poses to consumers, regulated financial institutions, and the global financial system. We urge you to carefully consider how your companies will manage these risks before proceeding, given that Facebook has not yet demonstrated to Congress, financial regulators—and perhaps not even to your companies—that it is taking these risks seriously.

Public reporting suggests that potential Libra Association member companies have struggled to get sufficient details from Facebook about the management of the significant risks that Libra may pose. Even though Facebook is the driving force behind Libra and offers the largest user base for the new crypto-currency, the company has not provided a clear plan for how it will prevent Libra from facilitating criminal and terrorist financing, destabilizing the global financial system, interfering with monetary policy, or exposing consumers to risks currently limited to accredited investors. In fact, in response to questions from Congress about the potential risks posed by Libra, Facebook deflects the responsibility of addressing these risks on to potential Libra Association members, such as your companies, as well as other participants in the payments ecosystem.

Facebook is currently struggling to tackle massive issues, such as privacy violations, disinformation, election interference, discrimination, and fraud, and it has not demonstrated an ability to bring those failures under control. You should be concerned that any weaknesses in Facebook's risk management systems will become weaknesses in your systems that you may not be able to effectively mitigate.

These risks are not hypothetical. The New York Times recently reported a proliferation of online child sexual abuse, due in large part to tech platforms like Facebook. In fact, 12 million of the 18.4 million reports of child sexual abuse photos and videos around the world last year were attributed to Facebook Messenger. It is chilling to think what could happen if Facebook combines encrypted messaging with embedded anonymous global payments via Libra. Your companies should be extremely cautious about moving ahead with a project that will foreseeably fuel the growth in global criminal activity.

Facebook appears to want the benefits of engaging in financial activities without the responsibility of being regulated as a financial services company. Facebook is attempting to accomplish that objective by shifting the risks and the need to design new compliance regimes on to regulated members of the Libra Association like your companies. If you

take this on, you can expect a high level of scrutiny from regulators not only on Libra-related payment activities, but on all payment activities.

We urge you to proceed with caution until Facebook is able to provide real answers to you, Congress, and financial regulators about how it will manage the various and significant risks posed by Libra. We also urge you to consider Facebook's inability to manage current risks from its core business lines when making a decision about whether to proceed with Libra.

Sincerely,

A handwritten signature in blue ink that reads "Brian Schatz". The signature is fluid and cursive, with the first name "Brian" and last name "Schatz" clearly distinguishable.

Brian Schatz
United States Senator

A handwritten signature in black ink that reads "Sherrod Brown". The signature is written in a cursive style, with "Sherrod" and "Brown" clearly legible.

Sherrod Brown
United States Senator

United States Senate

WASHINGTON, DC 20510

October 8, 2019

Mr. Ajaypal Singh Banga
Chief Executive Officer and President
Mastercard Inc.
2000 Purchase Street
Purchase, NY 10577

Dear Mr. Banga,

We write to share our deep concerns about Facebook's Libra crypto-currency project and the formation of the Libra Association. We are concerned because key questions remain unanswered about the risks the project poses to consumers, regulated financial institutions, and the global financial system. We urge you to carefully consider how your companies will manage these risks before proceeding, given that Facebook has not yet demonstrated to Congress, financial regulators—and perhaps not even to your companies—that it is taking these risks seriously.

Public reporting suggests that potential Libra Association member companies have struggled to get sufficient details from Facebook about the management of the significant risks that Libra may pose. Even though Facebook is the driving force behind Libra and offers the largest user base for the new crypto-currency, the company has not provided a clear plan for how it will prevent Libra from facilitating criminal and terrorist financing, destabilizing the global financial system, interfering with monetary policy, or exposing consumers to risks currently limited to accredited investors. In fact, in response to questions from Congress about the potential risks posed by Libra, Facebook deflects the responsibility of addressing these risks on to potential Libra Association members, such as your companies, as well as other participants in the payments ecosystem.

Facebook is currently struggling to tackle massive issues, such as privacy violations, disinformation, election interference, discrimination, and fraud, and it has not demonstrated an ability to bring those failures under control. You should be concerned that any weaknesses in Facebook's risk management systems will become weaknesses in your systems that you may not be able to effectively mitigate.

These risks are not hypothetical. The New York Times recently reported a proliferation of online child sexual abuse, due in large part to tech platforms like Facebook. In fact, 12 million of the 18.4 million reports of child sexual abuse photos and videos around the world last year were attributed to Facebook Messenger. It is chilling to think what could happen if Facebook combines encrypted messaging with embedded anonymous global payments via Libra. Your companies should be extremely cautious about moving ahead with a project that will foreseeably fuel the growth in global criminal activity.

Facebook appears to want the benefits of engaging in financial activities without the responsibility of being regulated as a financial services company. Facebook is attempting to accomplish that objective by shifting the risks and the need to design new compliance regimes on to regulated members of the Libra Association like your companies. If you

take this on, you can expect a high level of scrutiny from regulators not only on Libra-related payment activities, but on all payment activities.

We urge you to proceed with caution until Facebook is able to provide real answers to you, Congress, and financial regulators about how it will manage the various and significant risks posed by Libra. We also urge you to consider Facebook's inability to manage current risks from its core business lines when making a decision about whether to proceed with Libra.

Sincerely,

A handwritten signature in blue ink that reads "Brian Schatz". The signature is fluid and cursive, with the first name "Brian" and last name "Schatz" clearly legible.

Brian Schatz
United States Senator

A handwritten signature in black ink that reads "Sherrod Brown". The signature is cursive and somewhat stylized, with the first name "Sherrod" and last name "Brown" clearly legible.

Sherrod Brown
United States Senator

United States Senate

WASHINGTON, DC 20510

October 8, 2019

Mr. Alfred F. Kelly, Jr.
Chairman and Chief Executive Officer
Visa Inc.
901 Metro Center Blvd
Foster City, California, 94128

Dear Mr. Kelly,

We write to share our deep concerns about Facebook's Libra crypto-currency project and the formation of the Libra Association. We are concerned because key questions remain unanswered about the risks the project poses to consumers, regulated financial institutions, and the global financial system. We urge you to carefully consider how your companies will manage these risks before proceeding, given that Facebook has not yet demonstrated to Congress, financial regulators—and perhaps not even to your companies—that it is taking these risks seriously.

Public reporting suggests that potential Libra Association member companies have struggled to get sufficient details from Facebook about the management of the significant risks that Libra may pose. Even though Facebook is the driving force behind Libra and offers the largest user base for the new crypto-currency, the company has not provided a clear plan for how it will prevent Libra from facilitating criminal and terrorist financing, destabilizing the global financial system, interfering with monetary policy, or exposing consumers to risks currently limited to accredited investors. In fact, in response to questions from Congress about the potential risks posed by Libra, Facebook deflects the responsibility of addressing these risks on to potential Libra Association members, such as your companies, as well as other participants in the payments ecosystem.

Facebook is currently struggling to tackle massive issues, such as privacy violations, disinformation, election interference, discrimination, and fraud, and it has not demonstrated an ability to bring those failures under control. You should be concerned that any weaknesses in Facebook's risk management systems will become weaknesses in your systems that you may not be able to effectively mitigate.

These risks are not hypothetical. The New York Times recently reported a proliferation of online child sexual abuse, due in large part to tech platforms like Facebook. In fact, 12 million of the 18.4 million reports of child sexual abuse photos and videos around the world last year were attributed to Facebook Messenger. It is chilling to think what could happen if Facebook combines encrypted messaging with embedded anonymous global payments via Libra. Your companies should be extremely cautious about moving ahead with a project that will foreseeably fuel the growth in global criminal activity.

Facebook appears to want the benefits of engaging in financial activities without the responsibility of being regulated as a financial services company. Facebook is attempting to accomplish that objective by shifting the risks and the need to design new compliance regimes on to regulated members of the Libra Association like your companies. If you

take this on, you can expect a high level of scrutiny from regulators not only on Libra-related payment activities, but on all payment activities.

We urge you to proceed with caution until Facebook is able to provide real answers to you, Congress, and financial regulators about how it will manage the various and significant risks posed by Libra. We also urge you to consider Facebook's inability to manage current risks from its core business lines when making a decision about whether to proceed with Libra.

Sincerely,



Brian Schatz
United States Senator



Sherrod Brown
United States Senator