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# GENIUS Act Analysis

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## Mortar Strategies Overview

**Mortar Strategies** is a Washington, DC based government affairs firm dedicated to empowering blockchain companies and nonprofits with the strategic insights and advocacy needed to thrive in an ever-changing regulatory and legislative environment.

With deep expertise in legislative advocacy, regulatory guidance, stakeholder engagement and coalition building, and strategic communications, Mortar transforms challenges into opportunities—helping you shape a future where digital innovation meets favorable policy.

**Policy Monitoring:** Continuous intelligence gathering and streamlined guidance to help identify challenges and opportunities in the federal space.

**Policy / Legislative Advocacy:** Direct engagement with policymakers to foster blockchain-friendly policies and ensure your voice is heard.

**Stakeholder Relations:** Building strategic alliances with key decision-makers and industry leaders to represent your interests and boost market credibility.

**Strategic Communications:** Crafting clear, compelling messages that highlight your blockchain innovations and position your company as a leader.

## **I. Introduction**

The GENIUS Act, a landmark bill aimed at creating a regulatory framework for stablecoins, cryptocurrencies pegged to assets like the US dollar, aimed to be a rare bipartisan triumph in a divided Senate. However, on May 8, 2025, a vote to advance the legislation failed, exposing deep concerns and raising questions about the future of digital asset regulation in the US States. This article analyzes the factors that led to the bill's collapse and the future of digital asset legislation.

## **II. The Promise of the GENIUS Act**

Introduced by Senators Bill Hagerty (R-TN), Tim Scott (R-SC), and Cynthia Lummis (R-WY), the GENIUS Act sought to establish federal oversight for stablecoins, replacing a patchwork of state regulations with clear standards. The bill aimed to bolster U.S. leadership in digital finance, enhance consumer protections, and maintain the dollar's dominance in global markets. It included reserve requirements and oversight rules to balance innovation with financial stability. In March 2025, the Senate Banking Committee advanced the bill with support from five Democrats, signaling strong bipartisan momentum. Proponents, including Senate Majority Leader John Thune (R-SD), argued it would provide "clarity" for innovators and position the U.S. as a hub for stablecoin development. The crypto industry, backed by significant lobbying efforts, saw the bill as a critical step toward mainstream adoption.

## **III. A Blame Game and Missed Opportunity**

The vote's failure sparked a blame game. Republicans accused Democrats of prioritizing politics over policy, with Thune lamenting that Democrats blocked a "potential bipartisan policy win." Democrats, meanwhile, took pride in their unity, with some like Warren arguing that their push for changes was necessary to protect national interests. Axios noted that "everyone will try to claim victory from this failure," as Democrats forced attention to corruption concerns while Republicans preserved the bill for future consideration. The setback was a blow to the crypto industry, which had anticipated a regulatory breakthrough, highlighting challenges in bipartisan policy making in the "Trump 2.0" era, where seemingly neutral legislation can become political.

## **IV. What Went Wrong: The Collapse of Bipartisan Support**

The failure of the GENIUS Act can be attributed to a mix of Democratic concerns over President Trump's crypto ties, procedural disputes, and partisan polarization. Here are the key issues:

### **1. Concerns Over Trump's Crypto Ventures**

Democratic opposition to the GENIUS Act intensified over Trump family's cryptocurrency ventures, particularly World Liberty Financial's \$2 billion deal with an Abu Dhabi fund involving Binance.

Senator Warren warned the bill lacked safeguards against conflicts of interest that could "supercharge Donald Trump's corruption." Nine Democrats withdrew support on May 3, citing money laundering and national security concerns, while Senate Minority Leader Schumer urged his caucus to withhold support to leverage changes, effectively unraveling the bipartisan consensus.

### **2. Procedural and Transparency Issues**

The May 8 procedural vote failed 48-49, falling short of the required 60 votes. Democrats refused to proceed without reviewing the updated bill text, with Schumer questioning, "How do you vote for a bill if you haven't seen the text?"

Senator Gallego's request to delay until Monday was rejected by Republicans, who insisted the vote merely opened debate with amendments to follow. Democrats, skeptical of entering a process without guaranteed changes, united against the measure amid tensions heightened by the rushed timeline.

### **3. Partisan Polarization and GOP Defections**

The bill's collapse revealed broader partisan divisions, with three Republicans—Senators Paul, Hawley, and Thune—joining Democrats in opposition. Senator Kennedy expressed discomfort with last-minute dealmaking, while the crypto industry's \$40 million political spending campaign added pressure.

Social media commentary characterized Democrats' reversal as "political theater" driven by anti-Trump sentiment, though Democratic objections centered on substantive concerns about the bill's lack of anti-corruption provisions.

## **V. The Future of the GENIUS Act and Stablecoin Regulation**

Despite the failure, the GENIUS Act is not dead. Thune's strategic "no" vote allows the bill to be reintroduced as ongoing negotiations continue. Here are key considerations for its future:

### **1. Addressing Democratic Concerns**

To regain bipartisan support, Republicans must meet Democratic demands, such as stronger AML provisions, national security safeguards, and restrictions on public officials profiting from crypto. The End Crypto Corruption Act, proposed by Senator Jeff Merkley (D-OR), offers a blueprint, seeking to ban presidents, lawmakers, and their families from issuing or endorsing digital assets. Integrating such measures into the GENIUS Act could win back Democrats. Mark Warner (D-VA), acknowledged "meaningful progress" but insisted the bill was incomplete.

### **2. Building Trust Through Transparency**

Future efforts must prioritize transparency to avoid procedural disputes. Providing updated bill text well in advance and allowing ample time for review could rebuild trust. Democrats' frustration over the rushed vote underscores the need for an open amendment process, as Thune initially promised.

### **3. Navigating GOP Dynamics**

Republicans must also address internal divisions. Senators like Paul and Hawley, who opposed the bill, may require assurances that it aligns with broader conservative principles, such as limiting government overreach. Senator Lummis, a leading crypto advocate, could play a key role in bridging these gaps, given her negotiations with Democratic holdouts.

### **4. Industry and Public Pressure**

The crypto industry, bolstered by rising market enthusiasm (e.g., Bitcoin surpassing \$100,000, as noted on X), will likely intensify lobbying efforts. Public sentiment, as seen in posts praising the bill's potential to secure U.S. financial leadership, could pressure lawmakers to act. However, critics like Senator Bernie Sanders, who planned a livestream to highlight the bill's risks, may counter this narrative, framing stablecoins as a threat to financial stability.

### **5. Broader Legislative Context**

The GENIUS Act's fate is tied to the broader political calendar. With Trump pushing for a tax-cutting "megabill" and a looming debt ceiling deadline in late summer, crypto legislation may take a backseat unless it can be packaged with other priorities. Alternatively, a standalone bill with robust bipartisan support could emerge if negotiators address the current impasse.

## VI. Conclusion

The GENIUS Act's failure on May 8, 2025, was a missed opportunity to regulate stablecoins and cement U.S. leadership in digital finance. Democratic concerns over Trump's crypto ties, coupled with procedural missteps and partisan divides, derailed a once-promising bill. However, the door remains open for revival if lawmakers can address corruption concerns, ensure transparency, and rebuild bipartisan trust. As the crypto industry continues to grow and public interest intensifies, the pressure to pass stablecoin legislation will persist, making the GENIUS Act—or a successor—a critical test of Congress's ability to navigate complex policy in a polarized era.

## VII. References

*NBC News: "Senate to vote on advancing crypto bill as bipartisan talks, Trump ties take center stage"*  
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