

# How Trump's Crypto Embrace Is Spurring Enforcement Reset

By **Christopher Bosch and Maxwell Earp-Thomas** (March 18, 2025)

Less than two months into President Donald Trump's second term, the crypto industry has already secured a number of major victories in its long-standing tug-of-war with regulators.

These wins have largely come in the form of decisions by the U.S. Securities and Exchange Commission to pause or discontinue enforcement actions and investigations initiated under the prior administration. The SEC's pivot aligns with the Trump administration's espoused pro-crypto stance.

Below, we review the SEC's withdrawal from prominent crypto enforcement actions and investigatory initiatives. We then provide historical context for these actions by reviewing dissenting statements issued by now-acting SEC Chairman Mark Uyeda and Commissioner Hester Peirce in connection with crypto enforcement actions over the past several years that foreshadowed these developments. We conclude with key takeaways for the industry arising from the SEC's crypto U-turn.

## **The SEC's Withdrawal From Prominent Crypto Enforcement Actions**

Over the past two months, there have been seismic shifts in the crypto regulatory landscape. On Jan. 21, the day after Trump's inauguration, Uyeda established the Crypto Task Force, led by Peirce, to address digital asset policies and pursue greater regulatory clarity.

Two days later — and six months after vowing on the campaign trail to make the U.S. the "crypto capital of the world" if elected — Trump issued an executive order on strengthening American leadership in digital financial technology, through which he formed his own Working Group on Digital Assets staffed with the heads of key regulators, including the SEC, and tasked with bringing about a clear regulatory framework for crypto.

In February, rumors began circulating that the SEC would voluntarily dismiss pending enforcement actions against major players in the crypto space, closing open investigations into others. In some cases, these rumors were confirmed by the heads of these crypto firms, court filings and/or published investigation termination letters. We summarize these critical developments below.

### ***Binance***

#### *The Allegations*

In June 2023, the SEC brought suit against Binance Holdings Ltd. and several related parties, claiming that the crypto trading platform operators failed to register as securities exchanges, broker-dealers and clearing agencies, and also engaged in the unregistered offering and sale of securities.[1] The SEC also alleged that Binance engaged in wash trading that misled customers regarding trading activity on the Binance.US platform.



Christopher Bosch



Maxwell Earp-Thomas

### *The Turnaround*

On Feb. 10, the parties filed a joint motion implementing a 60-day pause in their ongoing legal battle.[2] The filing stated that the SEC's new Crypto Task Force's work may affect and facilitate a resolution of this case. There have been no further developments as of the time of this writing.

### **Coinbase**

#### *The Allegations*

In June 2023, the SEC initiated an enforcement action against Coinbase Global Inc. claiming that the crypto exchange failed to register as a broker, exchange and clearing agency, and that it also engaged in the unregistered offer and sale of securities through its staking program.[3] The case centered on the ongoing debate over when and whether digital assets qualify as securities.

#### *The Turnaround*

On Feb. 27, the SEC announced[4] that the parties had filed a joint stipulation for dismissal with prejudice of the SEC's enforcement action.[5]

### **Consensys**

#### *The Allegations*

In June 2024, the SEC sued Consensys Software Inc., claiming that the company had facilitated the sale of unregistered securities and acted as an unregistered broker in connection with its MetaMask Swaps platform, through which the SEC claimed Consensys recommended and facilitated trades, handled customer assets, and received transaction-based compensation.[6]

#### *The Turnaround*

On Feb. 27, 2025, Consensys' founder announced that the SEC had agreed in principle to dismiss the case and would be filing a stipulation of dismissal to that end upon final approval.[7] The stipulation has not yet been filed.

### **Cumberland DRW**

#### *The Allegations*

In October 2024, the SEC filed an action alleging that Cumberland DRW, a major crypto market maker, had operated as an unregistered dealer of crypto securities.[8]

#### *The Turnaround*

On March 4, Cumberland announced that it had signed a joint filing with the SEC dismissing the case, pending final approval.[9] The stipulation has not yet been filed.

## **Gemini**

### *Background*

On Feb. 26, a Gemini co-founder stated in a post on X, formerly Twitter,[10] that the SEC had initiated an investigation into Gemini Trust Co. LLC, a cryptocurrency exchange and custodian, in March 2023 and issued the company a Wells Notice in May 2024. He did not opine on the nature of the investigation.

### *The Turnaround*

The post stated that the SEC had closed its investigation into Gemini and attached a letter from the SEC stating that it had "concluded the investigation as to Gemini Trust Company, LLC," and did "not intend to recommend an enforcement action by the Commission" against it.

## **Kraken**

### *The Allegations*

In November 2023, the SEC filed an action against Payward Inc. and Payward Ventures Inc. — collectively d/b/a/ Kraken — alleging that, in operating its cryptocurrency trading platform, Kraken acted as an unregistered securities exchange, broker, dealer and clearing agency.[11]

### *The Turnaround*

On March 3, Kraken announced that the SEC had agreed in principle to dismiss the case "with prejudice, with no admission of wrongdoing, no penalties paid and no changes to our business." [12] The stipulation has not yet been filed.

## **OpenSea**

### *Background*

In August 2024, Ozone Networks Inc., d/b/a OpenSea, the largest nonfungible token marketplace, announced that the SEC had issued a Wells notice indicating the regulator was planning on pursuing an enforcement action against it.[13] OpenSea's CEO tweeted[14] that the regulator believed NFTs on OpenSea's platform were securities, implying a potential failure-to-register charge.

### *The Turnaround*

On Feb. 21, 2025, OpenSea announced that the SEC had closed its investigation.[15]

## **Robinhood**

### *Background*

In May 2024, Robinhood Crypto LLC, the cryptocurrency division of the popular trading platform Robinhood Markets Inc., announced that it had received a Wells notice from the SEC asserting the company had failed to properly register certain tokens as securities before offering them on its trading platform.[16]

### *The Turnaround*

On Feb. 24, Robinhood confirmed that the SEC had closed the investigation without pursuing any charges.[17]

### **Uniswap**

#### *Background*

In April 2024, Uniswap Labs, the developer of a decentralized cryptocurrency exchange, reported that it had received a Wells notice from the SEC, indicating a potential enforcement action.[18]

In a May 2024 blog post,[19] Uniswap published its 40-page response to the SEC and stated that the regulator "asserts that the Uniswap Protocol is an unregistered securities exchange controlled by Uniswap Labs, that the Uniswap interface is an unregistered securities broker-dealer, and that the UNI token is an investment contract."

#### *The Turnaround*

On Feb. 25, Uniswap announced that the SEC had closed its investigation.[20]

### **A History of Pro-Crypto Dissenting Views**

The SEC's stark reversal, while no doubt fueled by the president's bonhomie with the crypto industry, actualizes the long-held sentiments of the current SEC majority. The recent departures of President Joe Biden appointees Gary Gensler and Jaime Lizarraga leave the commission helmed by pro-crypto Uyeda and Peirce, along with Democrat holdover Caroline Crenshaw.[21]

During their tenures in the minority as the two Republican commissioners, Peirce and Uyeda published multiple dissenting statements opposing crypto enforcement actions pursued by the agency. These statements, summarized below, set the stage for the new course being charted and offer a window into the future of SEC crypto enforcement should their views on these issues continue to represent a majority of the commission.

Several recurring themes emerge from the published crypto dissents of Uyeda and Peirce: First, they focused on registration cases that do not involve fraud. Second, they pushed for regulatory clarity achieved through open dialogue and transparent processes, not enforcement actions that perpetuate ambiguities. Finally, they asserted that the practical benefits of innovation in this space must be respected and weighed in the balance.

### ***Flyfish Club LLC Settlement***

In September 2024, Peirce and Uyeda dissented[22] from the SEC's decision to bring an enforcement action against the Flyfish Club project, which marketed and sold NFTs to finance the launch of a private members-only restaurant.[23]

According to the SEC, Flyfish offered and sold the NFTs as investment contracts, and therefore securities, under a four-part test established by the U.S. Supreme Court in *SEC v. W.J. Howey Co.* in 1946.

The dissenting commissioners contended that the NFTs were not securities, but utility

tokens with a concrete use: You needed them to eat at the Flyfish Club. The commissioners added that the securities laws were not needed here, and their application impeded the ability of creatives to monetize their talent.

### ***Impact Theory LLC Enforcement Action***

In a joint dissent in August 2023,[24] Peirce and Uyeda took issue with the SEC's action against media and entertainment company Impact Theory LLC, which claimed that the company's sale of NFTs constituted an unregistered securities offering.[25]

The dissenting commissioners disagreed that an investment contract was formed by the "handful of company and purchaser statements cited by the order." They also criticized the SEC for bringing its first NFT-related action without first grappling with difficult questions raised by NFTs and offering guidance.

### ***Kraken Enforcement Action***

In her dissent,[26] Peirce challenged the SEC's February 2023 action — which differs from the action involving Kraken referenced in the previous section — targeting Kraken's cryptocurrency staking program.[27]

She explained that staking services posed a series of novel, complicated questions that could not be addressed by "one-off enforcement actions and cookie-cutter analysis." Peirce proffered that a "paternalistic and lazy regulator settles on a solution like the one in this settlement," shuttering a program instead of initiating a public process to develop a workable registration solution.

### ***LBRY Inc. Settlement***

In her October 2023 dissent,[28] Commissioner Peirce challenged the SEC's action against LBRY Inc., a blockchain-based file-sharing and payment network.

Peirce asserted there was no path for a company like LBRY to register its functional token offering. Even if the token offering should have been registered, Peirce decried the SEC's "scorched earth approach" to remedying the violation as completely out of proportion with any investor harm caused by a company that had built a functioning blockchain with real-world utility.

### ***ShapeShift Settlement Action***

In a joint dissent in March 2024,[29] Peirce and Uyeda criticized the SEC's action against ShapeShift AG, a crypto trading platform.[30]

They argued that the SEC failed to allege any harm to customers and specify which of 79 crypto assets traded were considered securities, and why. The commissioners stated this environment of ambiguity "exposes well-meaning entrepreneurs to a regulatory sword of Damocles. Cases like this do not protect investors; they intimidate innovators and entrepreneurs."

### ***Stoner Cats 2 LLC Settlement***

In a joint dissent,[31] Peirce and Uyeda challenged the SEC's September 2023 action against Stoner Cats 2 LLC, which asserted that the entity engaged in the

unregistered offering of securities in the form of NFTs sold to finance an animated web series.[32]

The commissioners likened the NFTs to movie collectibles, and maintained that the "application of the Howey investment contract analysis in this matter lacks any meaningful limiting principle," improperly impeding upon the ability of artists to sell their work, build a fan base and involve fans in future creative endeavors.

### ***Unikrn Inc. Settlement***

In its September 2020 enforcement action against Unikrn Inc., the SEC asserted that the company engaged in an unregistered initial coin offering.[33]

In her dissent to that action, Peirce expressed concern that the action and sanctions could stifle crypto innovation.[34] The statement lobbied for "a well-designed, narrowly tailored regulatory safe harbor" that would allow "a company like Unikrn a three-year regulatory window within which to further develop and refine its platform — while still subjecting it to the antifraud laws."

### **Conclusion**

The SEC's willingness to step away from ongoing enforcement investigations and actions underscores the changing regulatory landscape for crypto under the current administration. In addition to hitting the pause button on pending actions, the agency now appears committed to working with stakeholders to develop a clearer, forward-looking regulatory framework for the burgeoning industry.

For crypto companies navigating uncertain regulatory waters, this development may signal the beginning of a more collaborative era — but not one without scrutiny. In a Feb. 4, statement, Peirce cautioned that while the Crypto Task Force "wants to travel to a destination where people have great freedom to experiment and build interesting things," that place

will not be a haven for fraudsters. ... SEC rules will not let you do whatever you want, whenever you want, however you want. Some of these rules will impose costs and other compliance burdens ... and the Commission will use its enforcement tools when necessary to pursue noncompliance.

As the Crypto Task Force advances its work, further developments in crypto regulation and enforcement are expected in the months ahead.

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*Christopher Bosch and Maxwell Earp-Thomas are associates at Sheppard Mullin Richter & Hampton LLP.*

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[1] <https://www.sec.gov/files/litigation/complaints/2023/comp-pr2023-101.pdf>.

[2] <https://storage.courtlistener.com/recap/gov.uscourts.dcd.256060/gov.uscourts.dcd.256060.296.0.pdf>.

[3] <https://www.sec.gov/files/litigation/complaints/2023/comp-pr2023-102.pdf>.

[4] <https://www.sec.gov/newsroom/press-releases/2025-47>.

[5] <https://www.sec.gov/files/litigation/complaints/2025/stipulation-pr2025-47.pdf>.

[6] <https://www.sec.gov/files/litigation/complaints/2024/comp26039.pdf>.

[7] <https://x.com/ethereumJoseph/status/1895156943972639243>.

[8] <https://www.sec.gov/files/litigation/complaints/2024/comp-pr2024-168.pdf>.

[9] <https://x.com/CumberlandSays/status/1897007837336797271>.

[10] <https://x.com/Gemini/status/1894927291387384207>.

[11] <https://www.sec.gov/files/litigation/complaints/2023/comp-pr2023-237.pdf>.

[12] <https://blog.kraken.com/news/sec-lawsuit-dismissal>.

[13] <https://opensea.io/blog/articles/taking-a-stand-for-a-better-internet>.

[14] <https://x.com/dfinzer/status/1828791832009953706>.

[15] <https://x.com/dfinzer/status/1893086281300582772>.

[16] <https://newsroom.aboutrobinhood.com/robinhood-response-to-receipt-of-wells-notice-from-the-u-s-securities-and-exchange-commission/>.

[17] <https://newsroom.aboutrobinhood.com/sec-closes-investigation-into-robinhood-crypto-with-no-action/>.

[18] <https://blog.uniswap.org/fighting-for-defi>.

[19] <https://blog.uniswap.org/the-fight-for-defi-continues>.

[20] <https://blog.uniswap.org/a-win-for-defi>.

[21] President Trump has nominated Paul Atkins to serve as SEC Chairman, and he awaits Senate confirmation. Atkins, a Republican, served as an SEC Commissioner from 2002 to 2008. Both Uyeda and Peirce served as SEC counsel to Atkins during his tenure as a Commissioner.

[22] [https://www.sec.gov/newsroom/speeches-statements/peirce-uyeda-statement-flyfish-091624?utm\\_medium=email&utm\\_source=govdelivery](https://www.sec.gov/newsroom/speeches-statements/peirce-uyeda-statement-flyfish-091624?utm_medium=email&utm_source=govdelivery).

[23] [https://www.sec.gov/files/litigation/admin/2024/33-11305.pdf?utm\\_medium=email&utm\\_source=govdelivery](https://www.sec.gov/files/litigation/admin/2024/33-11305.pdf?utm_medium=email&utm_source=govdelivery).

[24] <https://www.sec.gov/newsroom/speeches-statements/peirce-uyeda-statement-nft->

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[25] <https://www.sec.gov/files/litigation/admin/2023/33-11226.pdf>.

[26] [https://www.sec.gov/newsroom/speeches-statements/peirce-statement-kraken-020923?utm\\_source=chatgpt.com](https://www.sec.gov/newsroom/speeches-statements/peirce-statement-kraken-020923?utm_source=chatgpt.com).

[27] <https://www.sec.gov/files/litigation/complaints/2023/comp-pr2023-237.pdf>.

[28] [https://www.sec.gov/newsroom/speeches-statements/peirce-statement-lbry-102723?utm\\_source=chatgpt.com](https://www.sec.gov/newsroom/speeches-statements/peirce-statement-lbry-102723?utm_source=chatgpt.com).

[29] <https://www.sec.gov/newsroom/speeches-statements/peirce-uyeda-statement-crypto-world-turns-03-06-24>.

[30] [https://www.sec.gov/files/litigation/admin/2024/34-99676.pdf?utm\\_medium=email&utm\\_source=govdelivery](https://www.sec.gov/files/litigation/admin/2024/34-99676.pdf?utm_medium=email&utm_source=govdelivery).

[31] <https://www.sec.gov/newsroom/speeches-statements/peirce-uyeda-statement-stonercats-091323>.

[32] <https://www.sec.gov/files/litigation/admin/2023/33-11233.pdf>.

[33] <https://www.sec.gov/files/litigation/admin/2020/33-10841.pdf>.

[34] <https://www.sec.gov/newsroom/speeches-statements/peirce-statement-settlement-charging-token-issuer>.