



CRYPTO BRIEF



March 27, 2025

Lowenstein Crypto advises leading digital asset and cryptocurrency projects, exchanges, and trading firms. Our practice covers regulatory advice, transactions and structuring advice, investigations, and adversarial matters including commercial disputes, bankruptcy, and related litigation. As these markets continue their rapid growth and market participants continue to evolve and mature their businesses, we are providing this weekly digest as a resource that highlights and summarizes a selection of key recent legal regulatory developments.

Ripple Labs To Drop Cross-Appeal Against the SEC

On March 25, Stuart Alderoty, Ripple Labs' chief legal officer, announced that Ripple intends to drop its cross-appeal against the Securities and Exchange Commission (SEC) that is currently pending before the U.S. Court of Appeals for the Second Circuit. This announcement follows one week after the SEC agreed to drop its appeal of Judge Analisa Torres' final judgment entered in August 2024. According to Alderoty, the SEC will keep \$50 million of the \$125 million fine, with the balance returned to Ripple. The agreement between the parties is subject to a commissioner vote and, if approved, will mark the end of the legal battle that began in 2020. *See Alderoty's post on X [here](#).*

SEC Ends Its Investigation of Web3 Gaming Company Immutable

On March 25, Robbie Ferguson, the co-founder and president of Immutable, a leader in the Web3 gaming industry, announced via X that the SEC had ended its investigation of Immutable with no further action to be taken. The company initially received a Wells notice from the SEC in November 2024, which presumably related to the company's issuance and sale of IMX tokens in 2021. IMX tokens provide certain utility to holders within the Immutable ecosystem and further allow such holders to vote on governance matters. Immutable intends to continue its growth and provide on-chain solutions to billions of gamers worldwide, without further regulatory scrutiny related to its offer and sale of IMX tokens. *See Ferguson's X post [here](#).*

Senate Hearing Held for SEC Chair Nominee Paul Atkins

On March 27, the Committee on Banking, Housing, and Urban Affairs held a nomination hearing for Paul Atkins, President Donald Trump's nominee for the Chair of the SEC. During his testimony, Atkins emphasized his intention to work with his fellow commissioners and Congress to provide clear a regulatory framework for the crypto industry. Notably, however, although other nominees participated in the hearing, Atkins' potential conflicts of interest and intentions were highlighted and scrutinized by several Senators. *To view the nomination hearing, see [here](#).*

Kentucky Governor Signs Law in Support of Digital Asset Activities

On March 24, Kentucky Gov. Andy Beshear signed House Bill 701, titled "An Act relating to blockchain digital assets" (Act). The Act provides, among other things, that (i) individuals may not be prohibited from accepting digital assets and using a wallet; (ii) a business that provides staking as a service is not deemed to be offering or selling a security; and (iii) blockchain developers, crypto-to-crypto exchanges, and node operators are explicitly excluded from the definition of money

transmitters. Other states, including Arizona, Oklahoma, and Missouri, are advancing legislation that would establish digital asset reserves and/or provide additional clarity to the regulatory landscape. A copy of the Act is available [here](#).

World Liberty Financial Inc. Announces Plans to Launch Stablecoin

On March 25, World Liberty Financial Inc. (WLF), a decentralized finance protocol, announced its plans to launch a stablecoin redeemable 1:1 for the U.S. dollar (USD1). USD1 will be wholly backed by short-term U.S. government securities and other cash equivalents and launched as a native Ethereum and Binance Smart Chain stablecoin. USD1 reserves will be custodied by BitGo and further supported by BitGo Prime to provide institutional clients with access to liquidity and trading solutions. Notably, President Donald J. Trump and certain of his family members have indirect equity interests in WLF and hold \$22.5 billion WLF tokens. See *WLF's Medium article* [here](#).

SEC Launches Its Inaugural Roundtable on Crypto Regulation

On March 21, the SEC's Crypto Task Force (Task Force) held its inaugural roundtable to discuss the future regulatory landscape of crypto assets. The roundtable focused on two points of contention: (i) whether the Howey test (*SEC v. W.J. Howey Co.*, 328 U.S. 293 (1946)) adequately captures the unique characteristics of crypto assets and (ii) how "control" should be defined with respect to distributed ledger technologies. Generally, Task Force members were divided as to whether the preferred road to regulation was for the SEC to rely on judicial precedent for unique determination of security classifications rather than establishing a new framework with explicit exemptions. However, it was clear that there was a consensus at the roundtable that there is a need to establish guidance for trading digital assets while ensuring investors are protected. The Task Force has scheduled four additional roundtables for April 11, April 25, May 12, and June 6. *For information and details regarding the activities of the SEC's Crypto Task Force, visit* [here](#).

U.S. Senate Approves the DeFi Broker Rule Rollback

On March 26, the U.S. Senate voted to repeal the DeFi Broker Rule by a 70-28 vote. The DeFi Broker Rule sought to require DeFi platforms to report gross proceeds to the IRS, similar to traditional brokers. Up next, President Donald Trump will review the Senate resolution repealing the DeFi Broker Rule and decide whether he will sign off on the Senate vote to repeal the rule. See *a breakdown of the Senate vote approving to repeal the DeFi Broker Rule* [here](#) and *the House Ways and Means Committee Report for an overview of the rule* [here](#).

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