



# CRYPTO BRIEF



January 30, 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.

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## **Acting Chairwoman Pham to Launch Public Roundtables on Innovation and Market Structure**

Acting CFTC Chairwoman Caroline Pham announced plans to hold a series of public roundtables to discuss evolving trends and innovations. Over the next several months, the CFTC roundtables will address topics like affiliated entities, prediction markets, and digital assets. The goal is to foster transparency and create a robust administrative record incorporating diverse perspectives. This initiative reflects Pham's commitment to a forward-looking regulatory approach that balances innovation with market protection. The CFTC aims to develop clear rules and safeguards promoting U.S. economic growth, and we expect further developments throughout the year. *See the CFTC press release [here](#).*

## **KuCoin Pleads Guilty to Unlicensed Money Transmission Charge and Agrees To Pay Hefty Fees**

Peken Global Limited, the operator of the KuCoin digital asset exchange, pleaded guilty to one count of operating an unlicensed money transmitting business in the Southern District of New York. KuCoin failed to register as a money services business with FinCEN and failed to implement U.S. anti-money laundering and know-your-customer programs designed to prevent money laundering and terrorist financing. Since 2017, KuCoin served approximately 1.5 million registered users who were located in the U.S., earning approximately \$184.5 million in fees. As a result, KuCoin was used to transmit billions of dollars in suspicious transactions and potentially criminal proceeds. In connection with the guilty plea, KuCoin agreed to pay nearly \$300 million in penalties and will exit the U.S. market for two years. Two co-founders, who were indicted in March 2024, will not have any role in KuCoin's management and operations. In addition to the \$297 million monetary penalty, Peken has agreed to criminally forfeit \$184.5 million and pay a criminal fine of approximately \$112.9 million, totaling nearly \$600 million in penalties. *See press release [here](#).*

## **Lummis to Chair Historic Senate Panel on Digital Assets**

Sen. Cynthia Lummis (R-WY) has been appointed to chair the first-ever subcommittee on digital assets of the Senate Banking Committee, a significant step toward establishing a comprehensive legal framework for this emerging sector. The subcommittee's priorities include passing bipartisan legislation that promotes responsible innovation and consumer protection, focusing on areas like stablecoins and a potential Bitcoin reserve for the U.S. Sen. Lummis and Senate Banking Committee

Chair Sen. Tim Scott (R-SC) are both optimistic about creating a regulatory environment that fosters innovation within the U.S. and strengthens the dollar. See [article here](#).

## Senate Confirms Scott Bessent as U.S. Treasury Secretary

The U.S. Senate confirmed Scott Bessent as U.S. Treasury Secretary. Bessent is a strong crypto advocate and a seasoned hedge fund manager. As Treasury Secretary, Bessent will have significant influence over U.S. fiscal policy, financial regulations, international sanctions, and overseas investments. Bessent's appointment follows President Donald Trump's executive order on crypto establishing a government working group on crypto policy. Bessent's appointment signals a potential shift toward a more crypto-friendly approach in U.S. economic policy. See [article here](#).

## States Evaluating Strategic Bitcoin Reserves

On Jan. 27, the Arizona State Senate Finance Committee approved the Arizona Strategic Bitcoin Reserve Act, which aims to allow up to 10 percent of public funds to be invested in Bitcoin and other digital assets. On Jan. 28, Utah's House Economic Development Committee passed the Blockchain and Digital Innovation Amendments, providing a similar authority to use public funds to invest in digital assets. While this act and these amendments are not yet official law, Arizona and Utah seem primed to become the first U.S. states to officially invest public funds in digital assets. See [a copy of the introduced Arizona bill here](#) and [the introduced Utah bill here](#).

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