



CRYPTO B R I E F



February 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.

SEC Intends to Withdraw Regulatory Actions Against Several More Crypto-Related Companies

Following the announcements of the SEC's intention to withdraw its regulatory actions against digital asset exchanges Coinbase and Binance, Uniswap Labs, OpenSea, Robinhood Crypto, and Consensys have each announced that the SEC intends to withdraw from its regulatory actions. In April 2024, the SEC served Uniswap Labs with a Wells Notice relating to Uniswap Labs' alleged failure to register as a broker-dealer. Robinhood Crypto and OpenSea received similar Wells Notices in May and August 2024, respectively. On Feb. 27, Metamask creator, Consensys, and the SEC reached an agreement to dismiss the lawsuit brought by the SEC in June 2024. The SEC's actions suggest it intends to focus on rulemaking activities during the current administration, unlike the prior administration's practice of regulation by enforcement. See *Uniswap's announcement* [here](#), *OpenSea's X post* [here](#), *Robinhood's press release* [here](#), *Consensys' X post* [here](#).

SEC Announces Cyber and Emerging Technologies Unit

On Feb. 20, the SEC announced the creation of the Cyber and Emerging Technologies Unit (CETU), which will focus on retail investor protection from cyber-related misconduct and fraud. The CETU, which will replace the Crypto Assets and Cyber Unit, will be led by Laura D'Allaird. Among other things, the CETU will focus on frauds involving blockchain technology and crypto assets as well as emerging technologies such as artificial intelligence and machine learning. Acting chairman Mark Uyeda stated, "The unit will not only protect investors but will also facilitate capital formation and market efficiency by clearing the way for innovation to grow. It will root out those seeking to misuse innovation to harm investors and diminish confidence in new technologies." See *the SEC's press release* [here](#).

Bybit Suffers \$1.46 Billion Hack

Cryptocurrency exchange Bybit announced on Feb. 21 that it was hacked, resulting in a loss of approximately \$1.46 billion, which is the largest cryptocurrency-related theft in history. Hackers were able to access and control an Ethereum (ETH) cold wallet by altering the smart contract logic on its multisig interface. Just one day after the incident, Bybit resumed operations and successfully froze approximately \$42.89 million through a joint collaboration with leading cryptocurrency institutions, including OKX's efforts in freezing 2,783 ETH. Experts believe the Lazarus Group was responsible for the hack. See *Bybit's announcement of the hack* [here](#) and a *follow-up announcement* [here](#).

Sen. Durbin Introduces Crypto ATM Fraud Prevention Act

On Feb. 25, Sen. Dick Durbin (D-IL) announced on the Senate floor the introduction of the Crypto ATM Fraud Prevention Act to help prevent cryptocurrency ATM-related scams. According to Sen. Durbin, there are over 30,000 cryptocurrency ATMs in the United States, which are being used by criminals to steal funds. The bill will require cryptocurrency ATM operators to warn consumers about potential scams and to take reasonable steps to prevent fraud. Some protective measures include limiting new customers (i.e., a customer who has opened an account within 14 days) to transaction limits of \$2,000 per day and a \$10,000 total over the first 14 days; affording full refunds for fraudulent transactions, provided the customer reports the incident within 30 days; and requiring live, verbal confirmations for transactions greater than \$500. *See the Senate press release [here](#) and the introduced bill [here](#).*

Senate Hearing: Exploring Bipartisan Legislative Frameworks for Digital Assets

On Feb. 26, the Digital Asset Subcommittee of the Senate Banking, Housing and Urban Affairs Committee held its inaugural hearing, which was titled “Exploring Bipartisan Legislative Frameworks for Digital Assets.” Testimony was heard from Lewis Cohen, a partner at the law firm of Cahill Gordon & Reindel LLP; Jonathan Jachym, the Deputy General Counsel and Global Head of Policy and Government Relations at Kraken Digital Asset Exchange; Jai Massari, the Chief Legal Officer at Lightspark; and Timothy Massad, a research fellow and the Director of the Digital Assets Policy Project at the Kennedy School of Government at Harvard University. The witnesses testified on the importance of bipartisan legislation for digital assets in creating a level playing field to support innovation, market integrity, customer protection, and asset safeguards, noting that the U.S. lags in regulating centralized intermediaries. Moreover, the witnesses testified and highlighted the importance of stablecoins supporting more mainstream use cases through a strong legal framework so that consumers may treat and use stablecoins users as digital cash. Further, stablecoin legislation will enhance the U.S. regulatory approach to financial crimes and privacy, and such legislation should also offer viable paths for the various types and sizes of stablecoin issuers to develop innovative stablecoin payment solutions. *See the recorded hearing and written witness testimonies [here](#).*

Subscribe—and stay in the know!

If you would like to update your mailing preferences for Lowenstein Sandler communications, please [click here](#).

[MANAGE MY PREFERENCES](#)

Contact Us

For more information about any matters in this newsletter, contact cryptobrief@lowenstein.com or your Lowenstein Sandler LLP contact.

[lowenstein.com](https://www.lowenstein.com)

[NEW YORK](#)

[PALO ALTO](#)

[NEW JERSEY](#)

[UTAH](#)

[WASHINGTON, D.C.](#)

© 2025 Lowenstein Sandler LLP | 1251 Avenue of the Americas, New York, New York 10020 | +1 212.262.6700

We respect your right to privacy, [click here](#) to view our privacy policy. If you would like to update your mailing preferences for Lowenstein Sandler communications, please [click here](#).

To unsubscribe from Lowenstein Sandler email communications, [click here](#).