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Coinbase boss claims SEC will drop crypto lawsuit

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Bloomberg/Getty Images

Coinbase chief executive Brian Armstrong said the potential dismissal of the lawsuit would be "hugely vindicating". Cryptocurrency exchange Coinbase has claimed that the US Securities and Exchange Commission (SEC) plans to drop a lawsuit against the firm.

The US regulator alleged in 2023 that Coinbase had violated laws by offering investments that are subject to its rules, without properly registering.

Its boss Brian Armstrong said in a post on X on Friday that "an agreement" had been reached with the regulator's staff to dismiss the legal action which would see it pay no fines or make any changes to how it operates, when confirmed.

A spokesperson for the SEC declined to comment.

Its lawsuit accused the firm of operating illegally in the US, by taking on the services of being an exchange, broker and clearing agency without registering for those functions, as required by law.

It said the exchange was also offering crypto assets it deemed to be "unregistered securities".

"Since at least 2019, Coinbase has made billions of dollars unlawfully facilitating the buying and selling of crypto asset securities," **it said in June 2023.**

The regulator said this meant people buying or selling those financial products were deprived of "significant protections".

It formed part of a wider crackdown on cryptocurrency firms which President Donald Trump pledged to reverse if elected during his 2024 campaign.

Writing on X, Mr Armstrong said the potential dismissal of the SEC's lawsuit - which has not been confirmed by the regulator - was "hugely vindicating".

His lengthy post thanked President Trump for winning the election and praised the role of the "crypto voter" in helping secure his victory.

"I want to give a shout out to all the crypto holders in the US who elected pro-crypto candidates, on both sides of the aisle, to make sure your rights were preserved," he **wrote.**

"It turns out the crypto voter is real, and showed up in the millions."

His post also hit out at former SEC chair Gary Gensler, who led its tougher enforcement actions against crypto exchanges until he stepped down in January.

Mr Gensler had earlier filed a similar case against Binance, the world's largest exchange allowing traders to buy and sell digital assets, **which was recently granted a 60-day pause by the SEC amid shifting US regulations.**

Trump also sought to appeal to crypto companies and investors during his campaign **by saying he would fire Mr Gensler on "day one" of his presidency.**

Coinbase's chief legal officer Paul Grewal also wrote on X that "there will be no settlement or compromise-- a wrong will simply be made right".

"We won't stop fighting until we have the clear rules needed to enable the industry to truly thrive in the United States," he said, echoing Mr Armstrong's call for legislation to help boost the cryptocurrency sector.

"We look forward to working with Congress and SEC staff on this next phase of progress," he added.

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