

Happy National Puppy Day UCF!

I hope this market watch finds you well.



[Crypto's long battle with SEC comes to a close with Ripple victory](#)

- SEC has officially dropped its 4-year-old lawsuit against Ripple.
- The case accused Ripple of raising \$1.3B via XRP without registering it as a security.
- Ripple spent \$150 million fighting the SEC.
- Charges against CEO Brad Garlinghouse and co-founder Chris Larsen were also dropped.

In December of 2020, the U.S. Securities and Exchange Commission (SEC) sued Ripple with the claim that Ripple sold XRP as an unregistered security. The conflict is in what each party considers XRP to be. While the SEC thinks of XRP as a security similar to a stock or bond that should have been registered with the SEC before being sold, Ripple argues that XRP is not a security but a cryptocurrency like Bitcoin or Ethereum.

The ruling declared that while XRP sales to regular users and on exchanges are not considered securities, sales to institutional investors are considered securities and must comply with SEC laws. For programmatic sales via algorithms and public trades on exchanges, buyers do not have a direct connection to Ripple or a promise of profit, and, therefore, are not considered securities. For institutional investors, however, the SEC claimed that Ripple marketed XRP in such a way that implied a promise of profit. Ripple implied to institutional buyers that XRP would increase in value in an attempt to market XRP, and the institutional buyers relied on the efforts of Ripple to increase the value of their holdings in XRP. For this reason, the SEC declared XRP as a security in sales to institutional investors.

What this means for crypto as a whole is that a crypto having a central team behind it does not make it a security. The ruling declared that XRP sold on exchanges are not considered securities, giving other crypto projects, particularly tokens traded on exchanges, a stronger legal defense. Before this ruling, the SEC was on a regulatory rampage, claiming many securities such as SOL and ADA to be securities. However, with this legal benchmark, exchanges can argue that they are only letting people trade and are not securities.

This outcome marks a significant turning point in the legal and regulatory landscape for crypto in the United States. It suggests that courts may take a more nuanced view of digital assets rather than applying blanket classifications. The Ripple decision has already influenced how other cases are handled, and with the SEC dropping similar lawsuits and focusing on building a clearer regulatory framework, the industry may finally get the legal clarity it needs to become more established. This shift reduces fear among developers, investors, and exchanges, and encourages responsible innovation while still holding bad actors accountable. In the long run, this could open the door for more institutional adoption, the approval of crypto-based financial products like ETFs, and broader integration of crypto into the mainstream financial system.

[Federal Reserve Posted Loss of \\$77.6 Billion in 2024](#)

- The Fed reported a \$77.6 billion operating loss in 2024, following a \$114.3 billion loss in 2023.
- Losses occurred because interest expenses (on bank reserves) exceeded interest income (from bonds/securities).
- No profits have been sent to the U.S. Treasury since late 2022, unlike the \$870B transferred from 2012–2021.
- Return to profitability depends on interest rate cuts; current rates are slowly declining toward break-even.

Since late 2022, the Fed has stopped sending profits to the U.S. Treasury. These remittances used to help lower the federal budget deficit by tens of billions of dollars a year. Without that extra funding, the government may need to borrow more to cover its spending by issuing more bonds. When the supply of government bonds increases, investors might demand higher yields in return, especially if they're worried about growing deficits. This could push long-term interest rates, like the 10-year Treasury yield, even higher. Right now, the impact is still fairly small, but it adds to a larger trend: the U.S. may be facing a “higher for longer” fiscal burden, where both debt and borrowing costs stay elevated for years.

The Fed is also sitting on large operating losses which doesn't stop it from using tools like rate hikes or balance sheet reductions but it does complicate things politically. If the Fed tries to shrink its balance sheet too fast by selling off bonds or letting them mature, it could deepen those losses or attract criticism, especially in an election year when public and political scrutiny is already intense. That means the Fed might move more slowly or cautiously when it comes to tightening liquidity which could actually be good news for markets, particularly stocks and other risk assets that tend to benefit when the Fed is less aggressive.

So far, banks and money market funds have benefited from the Fed's high interest rates, earning solid returns on reserves and reverse repo agreements. However, if the Fed starts cutting rates in 2025, those interest earnings will shrink. For financial institutions, that means the increase in profit from elevated yields could start to fade, especially if rate cuts happen faster than expected. This could impact earnings in the sector and may shift investor preferences back toward riskier or longer-duration assets in search for better returns.

WIW - Long on Life360 (LIF)



Life360 (LIF) is a San Francisco-based company specializing in family connection and safety services. The company went public on the NASDAQ in June 2024 at \$27/share and is currently trading around \$38. In 2021, Life360 acquired Jiobit, a GPS tracker for children, pets, and elderly members, and Tile, a Bluetooth tracking company positioned as a cross-platform alternative to Apple's AirTag.

Life360 is positioned as a growth stock with a relatively small market cap (~\$2.8B), making it attractive to both retail investors and larger institutions seeking early-stage upside. Life360 is compatible across iOS and android platforms, which is an especially attractive option for mixed-device families, and compared to competitors, is significantly more difficult to bypass, with safeguards that detect tampering and battery levels. Life360's premium bundle includes a wide range of features including real-time location sharing, driving behavior analysis, SOS alerts, and device health monitoring, and while there are other players in the market that offer similar individual services, Life360's main selling point is that it delivers all of these features seamlessly in one unified solution.

Last Wednesday, Life360 [announced](#) the appointment of Vari Bindra as its first-ever Chief Information Security Officer (CISO), underscoring the company's commitment to digital safety and privacy as it continues to scale globally. For a platform that manages sensitive real-time location data and personal information, a security breach could significantly damage user trust and severely impact the stock. The creation of the CISO role reflects a proactive step toward strengthening Life360's cybersecurity infrastructure and mitigating risks that could pose both reputational and financial consequences. The following day, the company [announced](#) its Tile x Hello Kitty collaboration in partnership with Sanrio, the global lifestyle brand behind Hello Kitty. With these two moves this week, it is apparent that Life360 is attempting to position itself as both a secure and culturally relevant brand.

In terms of financials, Life360 reported strong performance in both the third and fourth quarters of 2024, with consistent growth in user engagement, subscription revenue, and profitability. In [Q3 2024](#), the company generated \$92.9 million in total revenue, an 18% YoY increase, with subscription revenue rising 27% to \$71.8 million. Net income reached \$7.7 million, marking a turnaround from a \$6.5 million loss in the same quarter the previous year. Monthly active users (MAUs) reached approximately 76.9 million, a 32% increase YoY, while the number of paying circles grew by 25% to 2.2 million. In [Q4 2024](#), Life360 continued its strong trajectory, reporting \$115.5 million in total revenue, a 33% YoY increase. Subscription revenue rose 32% to \$78.8 million, and net income for the quarter was \$8.5 million. MAUs increased to approximately 79.6 million, up 30% compared to the prior year, and paying circles rose to nearly 2.3 million, with a net quarterly addition of 69,000.



LIF is down approximately 5% over the past week and 16% over the past month, despite strong Q3 and Q4 performance. This recent drawdown appears to reflect institutional distribution. Over the last three sessions, LIF has traded at least 1.5 times its average volume, with nearly 8 times average volume on Friday alone, coinciding with a ~8% drop. The magnitude and timing of this move suggest that the volume was driven by institutional investors rather than retail traders. In the sessions leading up to the drop, LIF showed increased volume without meaningful price movement, indicating that institutions are using buying pressure to offload shares without causing major fluctuations in the price. While it could be argued that the drop was triggered by a breakdown at support, the last major support level around \$40 had already been tested, making it less likely that this move was simply the result of stop-loss cascades. Once distribution is complete, there's often a sharp move down, as we saw Friday, when support failed and the stock flushed lower.

From a fundamental perspective, LIF remains a strong company, and the recent flush may indicate that institutional sellers have completed their exit. If that's the case, the current price action could mark the beginning of a new accumulation phase.

I suggest initiating a small long position in LIF with a stop-loss at \$37.50, as the stock has already broken below key support and may still see some volatility. A reasonable near-term target could be \$41–\$42, with a time horizon of 2-4 weeks, assuming price stabilizes and begins

to recover. I recommend adding to the position if LIF reclaims \$38.50 with volume, as this would suggest buyer interest is returning and a potential shift in trend is underway.

Thank you for reading, and as always, please let me know if you have any questions or comments.

Best,

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