

## Digital Assets Recent Updates

August 11, 2025

We are pleased to provide you with the July edition of Gibson Dunn's digital assets regular update. This update covers recent legal news regarding all types of digital assets, including cryptocurrencies, stablecoins, CBDCs, and NFTs, as well as other blockchain and Web3 technologies. Thank you for your interest.

## ENFORCEMENT ACTIONS

### UNITED STATES

#### ***Founder of Tornado Cash Convicted of Conspiracy to Operate an Unlicensed Money Transmitting Business***

On August 6, 2025, a jury in the U.S. District Court for the Southern District of New York returned a mixed verdict involving Roman Storm, the co-founder of Tornado Cash. Although the jury failed to reach a unanimous verdict on charges of conspiracy to commit money laundering and to violate the International Emergency Economic Powers Act, it did find Storm guilty of conspiracy to operate an unlicensed money transmitting business (the least serious of the three charges, although still one that carries a maximum sentence of five years in prison). [DOJ](#); [Wired](#); [Bloomberg](#).

#### ***Samurai Wallet Developers Plead Guilty to Conspiracy to Operate an Unlicensed Money Transmitting Business***

On July 30, 2025, two founders and developers of Samurai Wallet, a cryptocurrency service that allegedly facilitated non-traceable private crypto transactions, pled guilty in the U.S. District Court for the Southern District of New York to one count each of conspiracy to operate an unlicensed

money transmitting business. The defendants are scheduled to be sentenced in early November. [DOJ](#); [Law360](#); [CoinDesk](#).

### ***Second Circuit Overturns Former OpenSea Product Manager's Insider Trading Conviction***

On July 31, 2025, a divided Second Circuit panel overturned the wire fraud and money laundering convictions for Nathaniel Chastain. Chastain was a product manager at OpenSea, a marketplace for non-fungible tokens (NFTs). In May 2023, a jury found Chastain guilty, based on accusations that he allegedly traded on confidential information about which NFTs would be featured on OpenSea's homepage. The Court reversed Chastain's conviction, holding that the trial judge erred by incorrectly instructing the jury that the featured NFT information was a property interest covered by the wire fraud statute. The Court held that there was no evidence in the record that the information about which NFTs would be featured had any commercial value to OpenSea. Judge Jose Cabranes dissented in part in a separate opinion. [Opinion](#); [Law360](#); [Reuters](#).

### ***DOJ Files Civil Forfeiture Complaint in Action Related to Business Email Compromise Scheme Impersonating Inaugural Committee***

On July 2, 2025, the DOJ filed a civil forfeiture complaint in the U.S. District Court for the District of Columbia to recover approximately \$40,300 in cryptocurrency that was allegedly stolen through a business email compromise scheme. According to the complaint, the perpetrators allegedly obtained over \$250,000 from a donor by impersonating the co-chair of President Trump's Inaugural Committee. The perpetrators allegedly requested the victim send money to an imposter email account; once the funds were sent, the perpetrators laundered the funds to other addresses. [DOJ Press Release](#); [Complaint](#).

### ***U.S. Secret Service Recovers \$400M in Crypto, Strengthens Global Crime-Fighting Efforts***

According to press reports on July 5, 2025, the U.S. Secret Service has recovered nearly \$400 million in cryptocurrency via seizures and forfeiture orders. This effort has been led by the Global Investigative Operations Center in collaboration with the FBI and U.S. Attorney's offices around the country. The agency has tracked funds from alleged scams, including fake crypto investment platforms, and has also conducted training sessions in over 60 countries to help local law enforcement combat crypto crimes. [The Block](#); [CoinTelegraph](#).

### ***Connecticut Man Pleads Guilty to Operating Illegal Money Transmitting Business***

On July 21, 2025, William McNeilly of New Haven, CT pleaded guilty in the U.S. District Court for the District of Connecticut to charges that he allegedly operated an unlicensed money transmitting business, which exchanged more than \$1 million in U.S. currency for cryptocurrency on behalf of customers throughout the U.S., knowing some of the funds involved in his illegal business were derived from fraud schemes. [DOJ Press Release](#).

### ***DOJ Files Civil Forfeiture Complaint in Action Related to Hamas Fundraising***

On July 22, 2025, the U.S. Department of Justice filed a civil forfeiture complaint in the U.S. District Court for the District of Columbia seeking to forfeit approximately \$2 million dollars in cryptocurrency allegedly connected to a Gaza-based money transfer business that DOJ alleged was involved in financially supporting the terrorist group Hamas. [DOJ Press Release](#).

### ***DOJ Closes Inquiry Into Crypto Exchange Co-Founder***

According to public reporting, on July 22, 2025, the Justice Department closed a criminal investigation into Jesse Powell, co-founder of Kraken cryptocurrency exchange. Powell tweeted

among other things that he was “[v]ery glad to have this behind me.” [New York Times](#); [Powell X Post](#).

### ***DOJ Files Civil Forfeiture Complaint in Action Related to Oil and Gas Scheme***

On July 22, 2025, the DOJ filed a civil forfeiture complaint in the U.S. District Court for the Western District of Washington, seeking the forfeiture of cryptocurrency valued at approximately \$7.1 million seized as part of an investigation. According to DOJ, the perpetrators allegedly obtained approximately \$97 million in funds by convincing victims to send funds to what was represented as escrow accounts to purchase oil tank storage. The funds were allegedly then moved to different financial institutions, and then used to purchase cryptocurrency. Beyond the civil forfeiture action, Geoffrey K. Auyeung was indicted in August 2024 as a coconspirator. [DOJ Press Release](#).

### ***AML Bitcoin Founder Sentenced to Seven Years in Prison for Cryptocurrency Fraud and Money Laundering***

On July 29, 2025, Chief U.S. District Judge Richard Seeborg of the Northern District of California sentenced AML Bitcoin founder and CEO Rowland Marcus Andrade, to seven years in federal prison in connection with a multimillion-dollar cryptocurrency fraud scheme. In March 2025, a jury convicted Andrade of wire fraud and money laundering. The court also ordered a hearing on September 16, 2025, to determine the amount of forfeiture and the amount of restitution owed to victims of Andrade’s crimes. [Law360](#); [DOJ Press Release](#); [Cointelegraph](#).

## **REGULATION AND LEGISLATION**

### **UNITED STATES**

#### ***Trump Signs GENIUS Act into Law***

On July 18, 2025, President Trump signed the GENIUS Act, passed with bipartisan votes in both the House and the Senate, into law. The GENIUS Act requires stablecoins to be fully backed by U.S. dollars or similarly liquid assets, mandates annual audits for issuers with a market capitalization of more than \$50 billion, and establishes guidelines for foreign issuance. It requires issuers to make monthly, public disclosures of the composition of their reserves. Stablecoin issuers must comply with strict marketing rules to protect consumers from deceptive practices. And issuers are forbidden from making misleading claims that their stablecoins are backed by the U.S. government, federally insured, or legal tender. [WhiteHouse.gov](#); [GDC Webinar](#).

#### ***President’s Working Group on Digital Asset Markets Releases Extensive Report***

On July 30, 2025, in furtherance of President Trump’s Executive Order 14178 (*Strengthening American Leadership in Digital Financial Technology*), the President’s Working Group on Digital Asset Markets released a 168-page report outlining recommendations for digital-asset regulation and legislation. Broadly, the report provides a roadmap to try to bring more digital-asset-focused businesses to the United States. The report recommends that various regulatory agencies, including the SEC and CFTC, use their existing authorities to enable the trading of digital assets at the federal level, reduce regulatory gaps, and allow innovative financial products to reach consumers. Other recommendations include proposed legislation by Congress to modernize bank regulation for digital assets, strengthen the role of the U.S. dollar in the digital assets

industry, combat illicit finance, and increase predictability in digital-asset taxation. [White House Fact Sheet](#); [TheBlock](#); [Bloomberg](#); [SEC Chair's Statement](#); [GDC Client Alert](#); [GDC Client Alert 2](#).

### ***SEC Chair Paul Atkins Makes Remarks at the Crypto Task Force Roundtable on Decentralized Finance***

On July 31, 2025, SEC Chair Atkins delivered a major policy address at the America First Policy Institute in Washington, D.C., unveiling "Project Crypto." Project Crypto is a Commission-wide initiative to create "clear and simple rules of the road for crypto asset distributions, custody, and trading." Among other things, Chair Atkins stated that "most crypto assets are not securities," and that "it should not be a scarlet letter" for a digital asset "to be deemed a security." For digital assets that are securities, the Chair has asked SEC staff "to propose purpose-fit disclosures, exemptions, and safe harbors, including for so-called 'initial coin offerings,' 'airdrops,' and network rewards." The Chair also announced several other crypto policies and initiatives, including taking steps to increasing consumer choice in how they custody and trade digital assets, improving the horizontal integration of crypto product offerings into "super-apps," integrating traditional securities markets into on-chain systems, and creating an innovation exemption for novel uses of blockchain technology. [SEC](#); [Reuters](#); [CoinDesk](#).

### ***House Passes Digital Asset Market Clarity Act of 2025, the CLARITY Act***

On July 17, 2025, the House passed the CLARITY Act, a comprehensive market-structure bill that (among other things) would grant the CFTC significant additional authority over crypto trading. The bill is now being considered by the Senate. [Act](#); [NPR](#); [CoinTelegraph](#); [CoinDesk](#); [GDC Client Alert](#).

### ***House Passes Anti-Central Bank Digital Currency (CBDC) Surveillance State Act***

On July 17, 2025, the House passed the Anti-CBDC Act. By its terms, the bill aims to prevent the Federal Reserve from developing or issuing a retail CBDC or a "digital dollar" without explicit congressional authorization. The Act prevents the Federal Reserve from offering products or services directly to individuals or maintaining accounts on their behalf, from issuing a CBDC directly or indirectly to an individual, and from using a CBDC to implement monetary policy. [Bill](#); [CoinTelegraph](#); [Bitcoin Mag](#).

### ***SEC Releases Guidance Stating that Liquid Staking Tokens Are not Securities***

On August 5, 2025, the SEC provided guidance noting its position that certain forms of liquid staking fall outside the scope of securities laws. This marks a departure from the agency's previous enforcement position. The guidance clarifies that receipt tokens representing staked digital assets are not securities when the underlying assets are not securities and the staking activities are "ministerial or administrative" and not driven by entrepreneurial effort. [SEC](#); [The Block](#); [CoinDesk](#).

### ***Connecticut Enacts Law Banning Cryptocurrency in State Government Operations***

On June 30, Connecticut Governor Ned Lamont signed House Bill 7082 into law, prohibiting the use of digital assets in state government operations. The legislation specifically bans the state government from "accepting or requiring payment in the form of virtual currency" or "purchasing, holding, investing in or establishing" a crypto reserve. The law also sets requirements for crypto money transmission licensees in Connecticut, with key provisions taking effect on October 1, 2025. This move contrasts with other states exploring the establishment of Bitcoin reserves. [Bill](#); [CoinTelegraph](#).

### ***Circle, Ripple, and BitGo Seek U.S. Banking Licenses***

On June 30 and July 2, 2025, Circle, Ripple and BitGo each applied for national trust company charters with the U.S. Office of the Comptroller of the Currency (OCC). [Wall Street Journal](#); [Circle Press Release](#); [Bloomberg](#).

### ***SEC Commissioner States That Tokenized Equities Are Securities***

On July 9, SEC Commissioner Hester Peirce issued a public statement stating that tokenized equities are securities and therefore must comply with existing federal securities laws. Acknowledging the industry's growing interest in blockchain-based trading of traditional stocks, Peirce emphasized that blockchain technology "does not have magical abilities to transform the nature of the underlying asset." Peirce's statement reiterates that issuers and intermediaries distributing tokenized securities must satisfy all disclosure and registration obligations. [SEC Statement](#); [The Block](#).

### ***Treasury and IRS Formally Rescind Crypto Broker Reporting Rule***

On July 10, the U.S. Department of the Treasury and the Internal Revenue Service (IRS) formally rescinded the "DeFi broker" reporting rule. Finalized in December 2024, the rule had dramatically expanded the regulatory definition of "broker" to cover decentralized exchanges and other non-custodial service providers, obligating them to gather and furnish user names, addresses and transaction details to the IRS. This year, Congress and the President nullified the rule under the Congressional Review Act (CRA). This rescission implements the CRA legislation. [Federal Register](#); [The Block](#).

## **INTERNATIONAL**

### ***European Securities and Markets Authority Issues Guidance on the offering of Unregulated Products by Licensed Crypto-Asset Service Providers***

On July 11, 2025, the European Securities and Markets Authority (ESMA) issued a statement warning that authorized crypto-asset service providers (CASPs) offering both products regulated under the Markets in Crypto Assets Regulation (MiCA) and other, unregulated products expose investors to significant, often unrecognized, risks. The ESMA notes that investors may wrongly perceive that the regulatory safeguards attached to MiCA-regulated products automatically extend to unregulated offerings. The ESMA disapproves of CASPs engaging in such activities and has provided a detailed "dos and don'ts" checklist setting out its expectations. [ESMA](#).

### ***Abu Dhabi Global Market Updates Digital Asset Regulatory Framework***

On June 25, 2025, the Financial Services Regulatory Authority (FSRA) of the Abu Dhabi Global Market implemented amendments to its digital asset framework, following a consultation conducted earlier this year. Changes include a revised process for approving Accepted Virtual Assets (AVAs), updated capital requirements and fees for virtual asset firms, a new product intervention power, and a formal ban on privacy tokens and algorithmic stablecoins. [FSRA](#).

### ***European Commission Adopts Delegated Regulation on Regulatory Technical Standards Governing Liquidity Management Policy and Procedures under MiCA***

On June 27, 2025, the European Commission adopted Delegated Regulation C(2025)602, introducing regulatory technical standards (RTS) that prescribe the minimum contents of liquidity-management policies and procedures for issuers of asset-referenced and e-money tokens under MiCA. The standards require management of liquidity risk, contingency planning and stress-testing, drawing on the Basel framework, and other relevant frameworks. If approved by the

European Council and Parliament, the rules will apply twenty days after publication in the Official Journal of the EU. [European Commission](#).

***Hong Kong Government and Securities and Futures Commission Consults on Licensing Regimes to Regulate Virtual Asset Dealers and Custodians***

On June 27, 2025 the Financial Services and the Treasury Bureau and the Securities and Futures Commission (SFC) launched a consultation to introduce regulatory regimes for virtual asset (VA) dealing and custodian service providers. The proposals aim to empower the SFC to license and supervise VA dealers and VA custodians, as well as enforce relevant regulations. [SFC Client Alert](#).

***Monetary Authority of Singapore Publishes Response to Consultation on Proposed Amendments to AML/CFT Notices Affecting Regulated Crypto Businesses, Among Others***

On June 30, 2025, the Monetary Authority of Singapore (MAS) published its response to an earlier consultation on proposed amendments to AML/CFT Notices and Guidelines which apply to financial institutions such as capital markets intermediaries and digital payment token service providers (FI), and variable capital companies (VCC). The response confirms, among other things, that FIs and VCCs may adopt a risk-based approach in the corroboration of source of wealth where such checks are required. The response also provides further guidance on the timeline for filing suspicious transaction reports and regulatory expectations in relation to the conduct of know-your-customer checks on trusts and legal arrangements. [MAS](#).

***ESMA Publishes Final Report on Guidelines For Assessing Knowledge and Competence of Employees of CASPs under MiCA***

On July 11, 2025, the ESMA issued a set of guidelines setting out criteria for assessing the knowledge and competence of employees of CASPs under MiCA. The guidelines set out requirements on minimum professional qualifications, experience and understanding of crypto-asset volatility, cybersecurity and other risks which are applicable to staff who provide information or advice about crypto-assets or crypto-asset services. The guidelines are set to enter into force six months after the publication of translations into the national languages of EU members states on the ESMA website. [ESMA](#).

***Hong Kong Monetary Authority to Publish Explanatory Note on Licensing of Stablecoin Issuers and Final Guidelines on Supervision and Anti-Money Laundering for Stablecoin Issuers***

On July 23, 2025, the Chief Executive of the Hong Kong Monetary Authority (HKMA) announced that the HKMA will be releasing the 'Explanatory Note on Licensing of Stablecoin Issuers' by the end of July, which will outline the HKMA's arrangements for accepting and processing applications for a stablecoin issuance license. The HKMA will also publish final versions of the 'Guideline on Supervision of Licensed Stablecoin Issuers' and 'Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (For Licensed Stablecoin Issuers)' to provide interest applicants with additional guidance on the regulatory framework by the end of July. [HKMA](#).



## OTHER NOTABLE NEWS

### ***Government Watchdog Criticizes IRS for Failing to Meet Crypto Seizure Standards***

On July 1, 2025, the Treasury Inspector General for Tax Administration, which oversees the Department of Treasury, released a report criticizing the IRS Criminal Investigation division for not adhering to internal guidelines in seizing and holding cryptocurrency assets between December 2023 and January 2025. The report highlighted failures in following seizure memorandum requirements, which include documenting addresses, dates, and amounts of confiscated cryptocurrency. Recommendations for improvement include familiarizing personnel with guidelines, establishing an inventory system for tracking digital assets, and updating internal procedures. [Report](#); [CoinTelegraph](#).

### ***Senate Confirms Jonathan Gould to Lead OCC***

On July 10, 2025 the Senate voted 50–45 to confirm Jonathan Gould, the former OCC chief counsel, as the next Comptroller of the Currency. Gould’s extensive resume, spanning senior roles at the OCC, the Senate Banking Committee, and private industry, drew praise from industry groups and key legislators who emphasized his readiness to “hit the ground running” and safeguard both safety-and-soundness and fair access to financial services. Gould has pledged to depoliticize bank supervision by tailoring oversight to institutions’ risk profiles, curbing “debanking” based on reputational concerns, and ensuring lawful cryptocurrency activities can be conducted safely within the regulated system. [Law360](#); [The Block](#).

### ***Dubai Land Department Celebrates Milestone in Property Tokenization Initiative***

On July 17, 2025, the Dubai Land Department celebrated the success of its Real Estate Tokenization Initiative, marking the issuance of the world’s first Property Token Ownership Certificate following the full sale of the inaugural tokenized project on Prypco Mint, a VARA-licensed platform. The project attracted 224 investors from 44 nationalities, 70% of whom were first-time participants in Dubai’s property market. [Dubai Land](#).

**The following Gibson Dunn lawyers contributed to this issue: Jason Cabral, Kendall Day, Jeff Steiner, Sara Weed, Rosemary Spaziani, Sam Raymond, Nick Harper, Apratim Vidyarthi, Raquel Sghiatti, Simon Moskovitz, Tin Le, Gabriela Li, William Hallatt, Michelle Kirschner, and Hagan Rooke.**

## FinTech and Digital Assets Group Leaders / Members:



**Ashlie Beringer**  
Palo Alto  
+1 650.849.5327  
[aberinger@gibsondunn.com](mailto:aberinger@gibsondunn.com)



**Michael D. Bopp**  
Washington, D.C.  
+1 202.955.8256  
[mbopp@gibsondunn.com](mailto:mbopp@gibsondunn.com)



**Stephanie L. Brooker**  
Washington, D.C.  
+1 202.887.3502  
[sbrooker@gibsondunn.com](mailto:sbrooker@gibsondunn.com)



**Jason J. Cabral**  
New York  
+1 212.351.6267  
[jcabral@gibsondunn.com](mailto:jcabral@gibsondunn.com)



**Ella A. Capone**  
Washington, D.C.  
+1 202.887.3511  
[ecapone@gibsondunn.com](mailto:ecapone@gibsondunn.com)



**M. Kendall Day**  
Washington, D.C.  
+1 202.955.8220  
[kday@gibsondunn.com](mailto:kday@gibsondunn.com)



**Sébastien Evrard**  
Hong Kong  
+852 2214 3798  
[sevrard@gibsondunn.com](mailto:sevrard@gibsondunn.com)



**William R. Hallatt**  
Hong Kong  
+852 2214 3836  
[whallatt@gibsondunn.com](mailto:whallatt@gibsondunn.com)



**Nick Harper**  
Washington, D.C.  
+1 202.887.3534  
[nharper@gibsondunn.com](mailto:nharper@gibsondunn.com)



**Martin A. Hewett**  
Washington, D.C.  
+1 202.955.8207  
[mhewett@gibsondunn.com](mailto:mhewett@gibsondunn.com)



**Sameera Kimatrai**  
Dubai  
+971 4 318 4616  
[skimatrai@gibsondunn.com](mailto:skimatrai@gibsondunn.com)



**Michelle M. Kirschner**  
London  
+44 20 7071.4212  
[mkirschner@gibsondunn.com](mailto:mkirschner@gibsondunn.com)





**Stewart McDowell**  
San Francisco  
+1 415.393.8322  
[smcdowell@gibsondunn.com](mailto:smcdowell@gibsondunn.com)



**Hagen H. Rooke**  
Singapore  
+65 6507 3620  
[hhrooke@gibsondunn.com](mailto:hhrooke@gibsondunn.com)



**Mark K. Schonfeld**  
New York  
+1 212.351.2433  
[mschonfeld@gibsondunn.com](mailto:mschonfeld@gibsondunn.com)



**Orin Snyder**  
New York  
+1 212.351.2400  
[osnyder@gibsondunn.com](mailto:osnyder@gibsondunn.com)



**Ro Spaziani**  
New York  
+1 212.351.6255  
[rspaziani@gibsondunn.com](mailto:rspaziani@gibsondunn.com)



**Jeffrey L. Steiner**  
Washington, D.C.  
+1 202.887.3632  
[jsteiner@gibsondunn.com](mailto:jsteiner@gibsondunn.com)



**Eric D. Vandevælde**  
Los Angeles  
+1 213.229.7186  
[evandevælde@gibsondunn.com](mailto:evandevælde@gibsondunn.com)



**Benjamin Wagner**  
Palo Alto  
+1 650.849.5395  
[bwagner@gibsondunn.com](mailto:bwagner@gibsondunn.com)



**Sara K. Weed**  
Washington, D.C.  
+1 202.955.8507  
[sweed@gibsondunn.com](mailto:sweed@gibsondunn.com)

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