GIBSON DUNN

Digital Assets Recent Updates

August 14, 2026

We are pleased to provide you with the June and July edition of Gibson Dunn's digital assets regular update. This update covers recent legal news regarding digital assets, including cryptocurrencies, stablecoins, digital asset market structure, tokenized assets, decentralized finance, prediction markets, digital asset custody and trust charters, crypto enforcement actions, and blockchain-related legislative and regulatory developments in the United States and internationally.

REGULATION AND LEGISLATION

UNITED STATES

Senate Releases Merged Clarity Act Text with Ethics Provision as Pre-Recess Window Narrows

On July 22, Senator Cynthia Lumis (R-WY) released updated text for the Clarity Act reflecting the merged work product of the Senate Banking and Agriculture Committees, following President Trump's agreement to an ethics provision after months of negotiations over how to limit federal officials from profiting from digital assets while in office. The updated text adds an ethics provision, in response to President Trump, that would prohibit public officials and their spouses, including the President, Vice President, Members of Congress, and federal judges, from issuing or sponsoring a digital asset in exchange for consideration, enforceable through civil actions brought by the Attorney General. Senator Thune filed cloture on the bill and the vote is scheduled for September. Lummis Press Release; Bill Text; Ethics Fact Sheet; The Block (July 20); The Block (July 21); Coindesk (July 26).

California's Digital Financial Assets Law Takes Effect, Requiring California Department of Financial Protection and Innovation Licensure for Digital Financial Asset Businesses

On July 1, California's Digital Financial Assets Law (DFAL) took effect. The law prohibits companies from engaging in digital financial asset business activity—including exchanging, transferring, storing, or issuing digital financial assets—with or on behalf of California residents unless they hold a license from the California Department of Financial Protection and Innovation (DFPI), have a complete license application pending, or qualify for an exemption. The DFAL establishes a comprehensive licensing, supervision, and enforcement framework for non-bank digital asset businesses, with additional obligations for crypto kiosk operators. The DFPI began accepting license applications through the Nationwide Multistate Licensing System (NMLS) on March 9, 2026, and unlicensed entities engaging in covered activity now face civil penalties of up to $100,000 per day, as well as possible federal criminal sanction. DFPI Digital Financial Assets Page.

Illinois Enacts 0.2% Privilege Tax on Digital Asset Transactions

On June 16, Governor JB Pritzker signed SB 3019, a state revenue bill effective January 1, 2027 that establishes a first-of-its-kind 0.2% tax on the exchanging, transferring, and storing of digital assets through a broker by customers located in Illinois. The law also imposes registration, tax-collection, and recordkeeping requirements on brokers that have a physical presence in Illinois or at least $100k in gross receipts annually with Illinois customers. The Digital Chamber, a crypto trade association, has filed a lawsuit against Illinois seeking to block the tax before it takes effect, and legislation has been proposed that would repeal the tax. Bill Text; The Block; Yahoo Finance; The Street.

Circle and Sony Bank Receive OCC Approvals for National Trust Banks

On July 10, Circle announced that it received approval from the Office of the Comptroller of the Currency (OCC) to establish First National Digital Currency Bank, N.A., a national trust bank that will operate under the name Circle National Trust and be subject to direct federal oversight by the OCC. Upon opening, the bank will offer fiduciary digital asset custody services for Circle and its affiliates, with management of the USDC Reserve planned as a future capability. Circle submitted its application to the OCC on June 30, 2025, and received conditional approval in December 2025. Separately, on July 6, Sony Financial Group announced that its subsidiary Sony Bank obtained conditional approval from the OCC to establish Connectia Trust, National Association, a national trust bank that intends to issue and manage U.S. dollar-denominated stablecoins, with no business activities to commence until all authorizations, including the OCC's final approval, have are obtained. Press Release; The Block; Sony Financial Group Statement; The Block.

Senator Wyden Urges Senate Leaders to Preserve Blockchain Developer Protections in Clarity Act

On July 8, Senator Ron Wyden (D-OR) sent a letter to Senate Majority Leader John Thune (R-SD) and Senate Minority Leader Charles Schumer (D-NY) urging them to preserve Section 604 of the Clarity Act, known as the Blockchain Regulatory Certainty Act (BRCA), in future versions of the bill. The provision, which creates a safe harbor clarifying that non-custodial developers are not money transmitters, has support from much of the crypto industry but has drawn warnings from some law enforcement groups that it could weaken safeguards against illicit finance. The provision was retained, as Section 10604, in the updated text of the Clarity Act released on July 22. Bill Text; The Block.

SEC's 2026 Regulatory Agenda Targets Digital Asset Rules for Exchanges and Broker-Dealers
On July 7, the Securities and Exchange Commission (SEC) released its 2026 Regulatory Agenda, which lays the groundwork for digital asset rulemaking before the end of the year and includes crypto among the agency's biggest regulatory priorities. The agenda includes potential amendments to the SEC's broker-dealer net capital, customer protection, and recordkeeping rules to address their application to digital assets, as well as changes to the agency's exchange rules. The SEC stated that the proposed rules will provide greater certainty to the market, facilitate capital formation, and accommodate innovation while ensuring investors are adequately protected. SEC Regulatory Agenda; The Block.

SEC Seeks Public Comment on Digital Assets and Other "Novel" Exchange-Traded Funds
On June 30, the SEC issued a request for public comment on exchange-traded funds that invest in innovative asset classes or employ novel investment strategies, expressly including digital assets, blockchain-enabled opportunities, and event contracts. Among its 27 questions, the request asks whether funds holding predominantly non-securities assets—including digital assets treated as commodities—should be regulated as investment companies under the Investment Company Act, and how the SEC's streamlined Exchange-Traded Fund (ETF) listing framework should apply to newer asset types. Comments are due 60 days after publication in the Federal Register. SEC Press Release; CoinDesk; The Block.

Housing Bill Barring the Federal Reserve from Issuing a Central Bank Digital Currency Through 2030 Goes Into Effect
On July 10, the 21st Century ROAD to Housing Act went into effect. The bipartisan housing package includes a provision prohibiting the Federal Reserve from issuing or creating a central bank digital currency (CBDC)—or any substantially similar digital asset—directly or indirectly through a financial institution or other intermediary, through December 31, 2030. The CBDC provision carves out dollar-denominated currency that is "open, permissionless, and private," leaving privately issued stablecoins governed by the GENIUS Act unaffected. The Block (Senate); The Block (House); The Block (Enactment).

Federal Regulators Propose Rules Implementing the GENIUS Act
On June 22, the OCC issued a notice of proposed rulemaking to implement the Bank Secrecy Act, anti-money laundering (AML), and sanctions compliance standards for OCC-supervised permitted payment stablecoin issuers, as required by the GENIUS Act, consistent with the regulations proposed by the Treasury Department's Financial Crimes Enforcement Network (FinCEN) and the Office of Foreign Assets Control (OFAC) in April. Comments were due on July 24. The FDIC issued a parallel proposal for stablecoin issuers under its jurisdiction on June 5, with comments due August 4. And on June 18, FinCEN, together with the OCC, the Federal Reserve, the FDIC, and the NCUA, issued a joint proposed rule that would treat permitted payment stablecoin issuers as financial institutions under the Bank Secrecy Act, and require them to maintain effective customer identification programs. Comments are due August 21. Federal Register (OCC Proposal); Federal Register (FDIC); Federal Register (FinCEN); ABA Banking Journal; Gibson Dunn Client Alert Discussing Proposal; FinCEN Release; The Block.

Digital Asset Industry Groups Urge Congress to Pass Mining and Staking Tax Bill Unchanged

On June 21, the Blockchain Association, the Crypto Council for Innovation, and The Digital Chamber sent a joint letter to House Ways and Means Committee Chair Jason Smith and Ranking Member Richard Neal urging passage of the Tax Clarity for Mining and Staking Act (H.R. 9175) as introduced. The bill would allow taxpayers to elect to recognize income from mining and staking rewards either upon receipt or upon sale of the assets, addressing what the groups describe as taxation of "phantom income" under current IRS guidance, which taxes rewards when received even where recipients cannot immediately sell the tokens. The Ways and Means Committee held a hearing on the bill and other digital asset tax measures earlier in June. The Block.

The CFTC and SEC Seek Comment on Harmonizing Derivatives Product Definitions

On June 18, the CFTC and SEC issued a joint request for public comment on opportunities to update, clarify, and harmonize certain derivatives product definitions and interpretive issues under Title VII of Dodd-Frank. The request seeks input on topics including the scope of swap and security-based swap definitions, the treatment of mixed swaps and novel or emerging products, jurisdictional lines between the two agencies, and potential avenues for alternative compliance. Comments are due August 24. CFTC Press Release; Federal Register; The Block.

SEC Proposes Rescinding Reg NMS Order Protection Rule

On June 11, the SEC proposed amendments to Regulation NMS that would rescind Rule 611, the "trade-through" rule, which generally prevents trading centers from executing orders at prices inferior to protected quotations displayed by other trading centers, along with Rule 610(e)'s restrictions on locked and crossed quotations. The proposing release cites the rapid evolution of the equity markets, including that distributed ledger technology now allows issuers to tokenize securities and has introduced new methods of trading through automated market makers. Comments are due August 17. SEC Press Release; Federal Register.

NY DFS Proposes Stablecoin Rule to Align State Framework with the GENIUS Act

On June 9, the New York State Department of Financial Services (NY DFS) proposed a regulation building on its 2022 stablecoin guidance to align New York's framework with the federal GENIUS Act and the Treasury Department's proposed requirements for state frameworks to be certified under that Act. The proposal carries forward NY DFS's existing requirements for U.S. dollar-backed stablecoins while adding new federal-driven provisions, including a cap on the amount of reserves that may be held at any one custodian and a requirement that issuers adopt risk-management programs. The final regulation would take effect when the GENIUS Act becomes effective, with a one-year transition period for existing New York-licensed issuers. Proposed Regulation Text; NYDFS Release; The Block.

New Hampshire Executive Council Rejects $100 Million Bitcoin-Backed Bond Proposal

On July 8, the New Hampshire Executive Council voted 3-2 to reject a proposal to issue up to $100 million in taxable conduit revenue bonds collateralized by bitcoin, which would have allowed the New Hampshire Business Finance Authority to serve as conduit issuer for bonds financing a private borrower tied to bitcoin miner CleanSpark. Under the proposed structure, CleanSpark would have deposited roughly $160 million in bitcoin as collateral, with no obligation or risk to New Hampshire taxpayers. Governor Kelly Ayotte had supported the proposal. The Block.

INTERNATIONAL

DFSA Consults on Crypto Token Definitions and Fund Tokenization
The Dubai Financial Services Authority (DFSA) has published two consultation papers concerning its digital asset framework. Consultation Paper No. 174 proposes refinements to the definitions of Fiat Crypto Token, Privacy Token, Privacy Device and Investment Token, while Consultation Paper No. 173 seeks early-stage feedback on the use of digital ledger technology and tokenization in the Dubai International Financial Center funds industry. Responses to the consultation papers are due by August 24 and September 7, respectively. CP 174 CP 173.

Dubai VARA Publishes Guidance on AML/CFT Business Risk Assessments for Virtual Asset Service Providers
On June 12, Dubai's Virtual Assets Regulatory Authority (VARA) published practice guidance on AML/CFT Business Risk Assessments for licensed virtual asset service providers (VASPs). The guidance reiterates that VASPs must maintain a documented Risk Assessment, review it at intervals of no longer than three months and following significant changes, and demonstrate that its conclusions inform their AML/CFT policies, systems, controls, and allocation of resources. VARA.

MiCA Transitional Period Ends, Requiring Full Authorization for Crypto-Asset Service Providers Across the EU
On July 1, the transitional "grandfathering" period under Markets in Crypto-Assets Regulation (MiCA) expired, closing the last remaining window in which crypto-asset service providers (CASPs) that were operating lawfully under national regimes before December 30, 2024, could continue serving EU clients without full MiCA authorization. Under Article 143(3) of MiCA, member states could grant transitional periods of up to 18 months, and while several jurisdictions—including Germany, Ireland, and the Netherlands—closed their windows earlier, July 1 marked the outer limit across all member states. The European Securities and Markets Authority has advised that firms without authorization must implement orderly wind-down plans and cease providing crypto-asset services to EU clients. Elliptic; KPMG; The Block.

EBA Consults on Penalty Methodology for Significant Token Issuers Under MiCA
On June 26, the European Banking Authority (EBA) published a consultation paper proposing a standardized methodology for setting fines against non-compliant issuers of significant asset-referenced tokens and significant e-money tokens under MiCA. The proposed framework would apply a two-step process, first assessing the baseline severity of an infringement and then adjusting for aggravating or mitigating circumstances, with final penalties subject to statutory ceilings of 12.5% of annual turnover for issuers of significant asset-referenced tokens and 10% for issuers of significant e-money tokens, or twice the profits gained from the violation. The consultation closes on September 28. Consultation Paper; Cointelegraph.

South Korea's Supreme Court Proposes Crypto Seizure and Liquidation Procedures as the Financial Intelligence Unit Pushes to Expand Travel Rule Coverage
South Korea's Supreme Court has proposed amendments introducing detailed procedures for the seizure and liquidation of digital assets in civil enforcement proceedings. Under the proposed rules, a court-issued seizure order would immediately bar debtors from disposing of digital assets and require their transfer to a court enforcement officer, and courts could liquidate seized assets by ordering their delivery to creditors at a court-determined value or by directing enforcement officers to sell them, including through dedicated accounts at virtual asset service providers. The

amendments would also establish clearer rules for provisional measures, such as preliminary seizures and injunctions, designed to prevent debtors from transferring or hiding digital assets during litigation. The Supreme Court will accept public comments on the draft until August 11, and the revisions are expected to take effect in October. The Block.

Separately, on June 22, South Korea's Financial Intelligence Unit announced that it had proposed expanding the Financial Action Task Force's Travel Rule—which South Korea currently applies to crypto transfers above 1 million won (approximately $650)—to smaller transactions and called for stronger action against offshore and unregistered crypto platforms, citing illicit finance risks and uneven global implementation of anti-money laundering standards for digital assets. Cointelegraph.

Taiwan Passes Virtual Asset Service Act, Establishing Licensing Regime for Crypto Firms and Stablecoin Issuers

On June 30, Taiwan's Legislative Yuan passed the Virtual Asset Service Act on its third and final reading, giving Taiwan its first comprehensive regulatory framework for digital assets and shifting oversight from an anti-money laundering registration system to full licensing and supervision by the Financial Supervisory Commission (FSC). The law defines seven categories of virtual asset service providers—including exchanges, trading platforms, transfer services, custodians, underwriters, and lenders—and requires stablecoin issuers to obtain approval from both the FSC and the central bank and to maintain full reserve backing. Unlicensed operation is punishable by up to seven years' imprisonment and fines of up to NT$100 million. The act now goes to President Lai Ching-te for promulgation, with the cabinet to determine when the law should take effect. The Block.

Hong Kong SFC Sets Enhanced Cybersecurity Standards for Internet Brokers and Virtual Asset Trading Platforms

On July 9, the Hong Kong Securities and Futures Commission (SFC) issued a circular setting out enhanced cybersecurity standards for internet brokers and SFC-licensed virtual asset service providers. The SFC expects such firms to use phishing-resistant authentication methods for client logins and device binding, and no longer considers email or SMS one-time passwords sufficient for these purposes. Firms must also implement effective monitoring and surveillance to identify suspicious logins, trading activity, and fund or virtual asset withdrawals, promptly notify clients of high-risk account activity, and maintain procedures for responding to and immediately reporting hacking incidents. SFC.

Hong Kong FSTB and HKMA Announce Further Review of DLT Adoption in Fixed Income Market

On June 29, Hong Kong's Financial Services and the Treasury Bureau (FSTB) and Hong Kong Monetary Authority (HKMA) announced the conclusion of the first phase of their review of the further adoption of distributed ledger technology (DLT) in Hong Kong's fixed-income market. The review found that Hong Kong's existing legal and regulatory framework is sufficiently flexible to support tokenized bond issuances but identified certain areas requiring clarification and legislative enhancement. In the second half of 2026, the FSTB and HKMA will commence the next phase of the review, which will consider potential legislative changes relating to the electronic execution of tokenized bond issuance documents. HKMA.

UK FCA Publishes Q&As on AML Expectations for Cryptoasset Firms Ahead of New Regulatory Regime

On June 3, the FCA published responses to industry questions on the application of anti-money laundering and financial crime requirements to cryptoasset firms. The FCA confirmed that registration under the Money Laundering Regulations remains the route for firms seeking to provide in-scope cryptoasset services before the new Financial Services and Markets Act 2000 regime commences in October 2027. The Q&As also outline the FCA's expectations regarding financial crime governance, resourcing, business-wide risk assessments, transaction monitoring, blockchain analytics, the Travel Rule, sanctions screening, operational resilience, and cross-border arrangements. FCA.

Bank of England Publishes Systemic Stablecoin Rules and Joint Supervision Approach with the FCA

On June 22, the Bank of England published its policy statement and draft Code of Practice for issuers of sterling-denominated systemic stablecoins. On June 30, the Bank and the FCA jointly released an approach document describing how the two regulators will coordinate the supervision of systemic stablecoin issuers. Among other things, the policy statement replaced previously proposed per-coin holding limits of £20,000 for individuals and £10 million for businesses with a temporary aggregate issuance "guardrail," initially set at £40 billion per systemic stablecoin. The Bank will accept feedback on the draft Code of Practice through September 22 and intends to finalize it by the end of 2026. Bank of England Press Release; Bank of England Policy Statement; Bank of England and FCA Joint Approach Document; The Block.

UK's Financial Conduct Authority Publishes Final Rules for Cryptoasset Regime Taking Effect in October 2027

On June 30, the United Kingdom's Financial Conduct Authority (FCA) published final rules establishing conduct, prudential, and market-integrity standards for cryptoasset firms, completing the FCA's crypto roadmap ahead of the new regime's entry into force on October 25, 2027. Under the rules, trading platforms, intermediaries, custodians, stablecoin issuers, and staking providers must obtain FCA authorization to operate in the UK and will be subject to financial-resilience requirements, including capital and stress testing, and to new market abuse rules addressing insider dealing and manipulation. Trading platforms must also vet tokens and publish disclosure documents to an FCA-run repository before listing most assets. The authorization gateway opens on September 30, 2026, and firms must apply by February 28, 2027, to operate under the new regime. FCA Press Release; Decrypt; The Block.

LITIGATION

UNITED STATES

CME Sues CFTC Over Approval of U.S. Perpetual Futures

On June 18, the Chicago Mercantile Exchange (CME) sued the CFTC and its chair, Michael Selig, in the U.S. District Court for the District of Columbia, alleging that the CFTC's approval of perpetual futures—futures contracts that lack an expiration date—violated the Commodity Exchange Act (CEA) because perpetual futures should be classified as swaps under Dodd-Frank and because the CFTC failed to adequately explain its approval decision. CME argues the futures label allows issuers to avoid the heavier tax burden and regulatory scrutiny attached to swaps. Law360; The Block.

Federal Judge Reinstates Fraud Claim Against Barry Silbert and Digital Currency Group in Genesis Yield Class Action

On July 6, Judge Stefan Underhill of the U.S. District Court for the District of Connecticut reinstated a previously dismissed New York common law fraud claim against Barry Silbert, Digital Currency Group (DCG), and other defendants in an investor class action over the failed Genesis Yield program. The ruling revises the court's February decision after plaintiffs argued the court had authority under the Class Action Fairness Act to consider their state-law claims. The court found the plaintiffs' allegations that the defendants knowingly misled customers about Genesis's financial health and risk controls before it suspended withdrawals and filed for bankruptcy in early 2023 were sufficient for the fraud claim to move forward, while staying consumer protection claims under California, Florida, and New York law and dismissing claims under Illinois, Kansas, Nevada, and Texas law. DCG has previously called similar allegations baseless. The Block; Opinion.

ENFORCEMENT ACTIONS

UNITED STATES

CFTC Rescinds "No-Deny" Settlement Policy in Enforcement Actions

On June 3, the CFTC rescinded its longstanding "no-deny" policy, maintained since 1998, under which the Commission would not accept settlement offers in enforcement actions where the respondent or defendant continued to deny the allegations or the findings of fact and conclusions of law. The CFTC stated that the rescission aligns the Commission with the overwhelming majority of federal agencies and gives it more flexibility in settling enforcement actions, and that the policy may have created an incorrect impression that the Commission was trying to shield itself from criticism. The Commission will not enforce existing no-deny provisions already entered, and retains discretion to negotiate for admissions as part of a settlement. The move follows the SEC's rescission of a similar policy in May. CFTC Press Release; Rescission; Law360.

DOJ and Secret Service Seize Over $25 Million in Digital Assets Tied to International Fraud Schemes

On July 21, the U.S. Attorney's Office for the District of Columbia filed five civil forfeiture complaints seeking forfeiture of more than $25 million in digital assets recovered during separate fraud investigations conducted by U.S. Secret Service agents, targeting international schemes, including fraudulent investment platforms, online romance scams, and a fee-based recovery fraud, that victimized residents of the United States and Canada. In each of the five cases, launderers were predominantly located in Southeast Asia, with IP addresses in China, Malaysia, and Cambodia. The seizures are part of the more than $800 million recovered through the Scam Center Strike Force, launched by U.S. Attorney Jeanine F. Pirro in November 2025. DOJ Release; The Block.

Federal Grand Jury Indicts Sioux Falls Investor in Alleged $20 Million Ponzi-Style Scheme

On July 16, the U.S. Attorney's Office for the District of South Dakota announced a 29-count indictment charging Benjamin Paul Wiener with wire fraud, money laundering, bank fraud, and aggravated identity theft arising from an alleged scheme impacting dozens of victims in South Dakota and Minnesota, with estimated losses of approximately $20 million. The indictment alleges Wiener induced victims to invest money and digital currency in his companies through materially false statements, laundered the proceeds through financial institutions and digital asset exchanges, and recruited new investors to repay earlier ones as funds were depleted. He pled not guilty; trial is set for September 15, 2026. DOJ Release; The Block.

Two Members of Chinese Money Laundering Network Charged with Laundering $43 Million in Investment Fraud Proceeds

On July 16, the U.S. Attorney's Office for the Eastern District of New York announced charges against Zhuoying Chen of Brooklyn and Haojie Zhang of Queens for money laundering conspiracy, in connection with a scheme to launder funds derived from cyber investment fraud scams, commonly known as "pig butchering" scams. The indictment alleges that between 2020 and 2022, Chen and Zhang managed a network of more than a dozen individuals who opened 140 bank accounts in the name of approximately 45 shell companies to launder at least $43 million in investment scam proceeds, then conspired with China-based co-conspirators to transfer the funds abroad. Both defendants were arrested on July 16. DOJ Press Release; DOJ (EDNY) Release.

OFAC Sanctions Brazilian Network for Laundering Drug Proceeds via Digital Assets for PCC

On July 1, OFAC designated two Brazilian nationals, three Brazilian companies, and one Portuguese company for their links to Primeiro Comando da Capital (PCC), a Brazil-based gang that Treasury described as the largest transnational criminal organization in the Western Hemisphere. OFAC stated that the São Paulo-based network, led by Victor Henrique de Oliveira Shimada, laundered more than $30 million in illicit proceeds generated in and around multiple U.S. cities, utilizing digital assets to move funds back to Brazil on behalf of PCC. The action, OFAC's third against PCC and its operatives, followed the FBI's January arrest of six members of the network's Florida-based group, who were indicted in the Southern District of Florida. Treasury Press Release; Chainalysis.

Goliath Ventures CEO Pleads Guilty in $400 Million Crypto Ponzi Scheme

On June 30, Christopher Alexander Delgado of Apopka, Florida, the chief executive officer of Goliath Ventures Inc., pled guilty in the U.S. District Court for the Middle District of Florida to conspiracy to commit wire fraud, wire fraud, and money laundering, admitting that his conduct caused at least $250 million in investor losses. According to the plea agreement, from at least January 2023 through January 2026 Goliath raised roughly $400 million from investors on false promises of monthly returns generated through digital asset liquidity pools. Rather than investing the funds as represented, Delgado and his co-conspirators used new investor money to pay purported returns to earlier investors and to fund luxury purchases, and Delgado agreed to forfeit numerous properties, vehicles, and other assets. Sentencing is set for October 8, 2026. DOJ Release; Yahoo Finance.

SEC Obtains $5.5 Million Final Judgment in First "Pig Butchering" Enforcement Action Against NanoBit

On June 29, the SEC announced that the U.S. District Court for the Eastern District of New York entered final default judgments against NanoBit Limited and five related defendants, ordering more than $5 million in combined disgorgement, prejudgment interest, and civil penalties and permanently enjoining the defendants from participating in securities offerings. The SEC's September 2024 complaint—described at the time as the agency's first enforcement action involving relationship investment scams or "pig butchering"—alleged that participants in the scheme posed as financial professionals in WhatsApp groups, induced at least 18 investors to deposit funds into the fake NanoBit trading platform, and wired more than $2 million to bank accounts in Hong Kong while misappropriating investors' digital assets. The Block; Law360.

OFAC Targets Digital Assets Tied to Iran and Terrorist Financing Networks

On June 2, OFAC sanctioned Nobitex, Iran's largest digital asset exchange, along with Iranian platforms Wallex, Bitpin, and Ramzinex, stating that Nobitex processed over 50 percent of all Iranian digital asset inflows in 2025 and was a key player in sanctions evasion, terrorist financing, and transactions linked to the Islamic Revolutionary Guard Corps (IRGC). On June 22, OFAC designated three individuals and six entities, including Syria-based Bitcoin Xchange, for facilitating financial transactions on behalf of ISIS, and on July 1, OFAC added 134 digital asset wallet addresses to its designation of ISIS-Khorasan. Then, on July 14, after a ceasefire agreement between the two countries broke down, OFAC added four Tron wallet addresses to its designation of the Central Bank of the Islamic Republic of Iran, bringing the total blocked digital assets tied to Iran's central bank to roughly $475 million. Treasury Press Release (June 2); Treasury Press Release (June 22); OFAC Sanctions List Update; The Block (June); The Block (July); CoinDesk; OFAC Recent Actions; Chainalysis.

CFTC and FTC Resolve Enforcement Actions Against Celsius Founders

On June 18, the CFTC announced that the U.S. District Court for the Southern District of New York entered a consent order resolving its 2023 enforcement action against Alexander Mashinsky, founder and former CEO of Celsius Network LLC, over allegations he misrepresented the safety, profitability, and regulatory compliance of the digital asset platform. The consent order permanently enjoins Mashinsky from further violations of the CEA's anti-fraud provisions and imposes permanent trading and registration bans. On July 20, the FTC announced that Mashinsky and his business partners Shlomi Daniel Leon and Hanoch Goldstein agreed to pay a total of $16.5 million to resolve allegations that they falsely promised users their deposits would be safe and always available, under orders that also ban the co-founders from marketing or selling products or services used to deposit or withdraw certain assets. CFTC Press Release; FTC Press Release; The Block.

Promoter Pleads Guilty in $1.8 Billion HyperFund Fraud

On June 17, Rodney "Bitcoin Rodney" Burton pleaded guilty in the U.S. District Court for the District of Maryland to conspiracy to operate an unlicensed money transmitting business, for his role promoting HyperFund. DOJ alleges that HyperFund was a purported crypto investment platform that functioned as a global wire-fraud scheme that took in $1.8 billion from investors worldwide. According to the plea agreement, HyperFund lured investors with false promises of daily passive rewards funded by nonexistent crypto-mining operations, and Burton personally received at least $7.85 million in proceeds. Burton faces a maximum of five years in federal prison. DOJ Release; The Block; Yahoo Finance.

Two Charged in $389 Million Crypto Money Laundering Takedown

On June 11, the U.S. Attorney's Office for the Eastern District of Pennsylvania announced that Ruslan Igorevich Tkachuk, a Ukrainian national, and Alexander Vladimirovich Ledenev, a Russian national, were arrested and charged with conspiracy to launder monetary instruments and sting money laundering for alleged roles as senior members of "AudiA6," a digital asset money laundering service believed responsible for laundering more than $389 million since 2021. The complaint alleges that AudiA6 advertised on a cybercrime forum that it would conceal the criminal source of customers' digital assets for a fee of up to five percent, and blockchain analysis traced roughly 10,333 Bitcoin deposited to its wallets, including funds received directly from darknet markets, ransomware groups, and other illicit sources. DOJ Release; Europol Release.

INTERNATIONAL

South Korea Refers Crypto "Whale" Market Manipulation Cases to Prosecutors
On July 1, South Korea's FSC approved the referral of suspects in two virtual asset market manipulation cases to prosecutors. In the first case, a large holder allegedly spent tens of billions of won over roughly two months to acquire nearly half of a token's global circulating supply, inflating its price on overseas platforms before selling holdings on a domestic exchange. In the second case, a suspect allegedly used automated Application Programming Interface (API) orders to create the appearance of active trading in a thinly traded, domestically issued token before selling at a profit. The FSC said it will enhance its warning system for highly concentrated crypto trading and upgrade its surveillance framework to detect unfair trading practices more promptly. The Block.

Shanghai Court Sentences Five to Prison Over $29 Million Crypto-Based Foreign Exchange Scheme
On July 1, a Shanghai court sentenced five individuals to prison terms of up to six years for operating an illegal foreign exchange business that used cryptocurrency to move more than $29.4 million abroad in circumvention of China's capital controls. According to the Shanghai Jing'an District People's Procuratorate, authorities began investigating in July 2024 after discovering unusual transactions tied to a company that facilitated illegal overseas transfers via crypto, ultimately arresting nine people. The five defendants who were sentenced also received fines ranging from 300,000 to 1.5 million yuan. The Block.

OTHER NOTABLE NEWS

DTCC Processes First Production Trades of Tokenized Stocks and Treasuries
On July 15, the Depository Trust & Clearing Corporation (DTCC) announced that it successfully converted assets held at The Depository Trust Company into tokens used in real production trades, which DTCC described as the largest tokenization production initiative in breadth of use cases, asset classes, and participants. More than 30 firms took part in transactions spanning collateral pledges, securities lending, Treasury/repo and equity trades, and central counterparty margin workflows on DTCC's private Hyperledger Besu network and the public Canton Network. The trades follow the SEC's December no-action letter authorizing the service, which fully launches in October 2026. DTCC Statement; The Block.

Senate Unanimously Approves Resolution Opposing Clemency for Sam Bankman-Fried
On July 15, the U.S. Senate approved by unanimous consent a resolution introduced by Senators Cynthia Lummis and Ruben Gallego declaring that former FTX CEO Sam Bankman-Fried should not receive executive clemency, formalizing the chamber's opposition to any presidential pardon or commutation. The resolution states that "under no circumstances" should Bankman-Fried receive clemency, while affirming the Senate's commitment to the rule of law and the integrity of the U.S. financial system. The bipartisan measure was introduced on June 17 after Bankman-Fried, who was convicted on seven criminal counts and sentenced to 25 years in prison, petitioned for a presidential pardon. Press Release; The Block.

President Trump Signs Executive Orders on Quantum Computing and Post-Quantum Cryptography
On June 22, President Trump signed two executive orders addressing quantum technology: one launching a national effort to accelerate quantum computing innovation, and another—"Securing the Nation Against Advanced Cryptographic Attacks"—directing an accelerated federal migration to post-quantum cryptography, including deadlines at the end of 2030 and 2031 for transitioning sensitive federal systems to quantum-resistant encryption and authentication and a requirement that federal contractors comply with quantum-resistant standards by the end of 2030. The orders respond to the risk that a sufficiently powerful quantum computer could break the public-key cryptography that secures much of today's digital infrastructure, including blockchain networks and digital asset custody systems. Executive Order; The Block.

Ripple Secures Full MiCA CASP Authorization for Crypto Services Across 30 EEA Countries
On July 6, Ripple announced that it received authorization from Luxembourg's Commission de Surveillance du Secteur Financier, completing its approval under the MiCA and making its end-to-end regulated crypto payments product available to financial institutions, corporates, and businesses across all 30 European Economic Area countries. The authorization follows Ripple's preliminary approval in June. The Block.

The following Gibson Dunn lawyers contributed to this issue: Jason Cabral, Kendall Day, Jeffrey Steiner, Sara Weed, Nick Harper, Sam Raymond, Apratim Vidyarthi, Cullen Omori, Nicholas Tok, Risa Nakagawa, and Stacey Lee.

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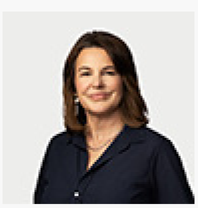

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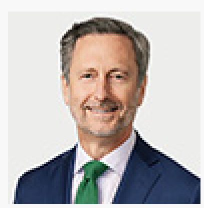

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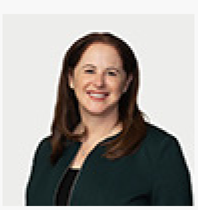

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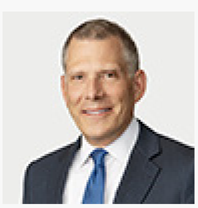

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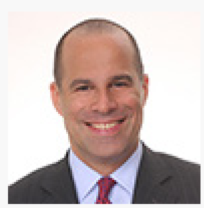

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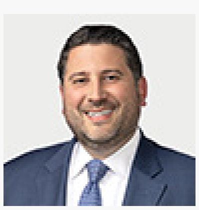

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