

Digital Assets Recent Updates

November 16, 2026

We are pleased to provide you with the September and October 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

SEC Proposes Letting Transfer Agents Keep Records on Blockchain
On September 1, the Securities and Exchange Commission (SEC) proposed the first comprehensive overhaul of its transfer agent rules since they were adopted in the late 1970s and early 1980s, including provisions addressing tokenized securities and distributed ledger technology. The proposal would expressly permit, but not require, a registered transfer agent to use a blockchain or other distributed ledger as all or part of its master securityholder file and would amend Form TA-2 to require transfer agents to report the number of issues for which they maintain that file using distributed ledger technology and to identify service providers such as tokenization agents and distributed ledger platforms. The SEC also requested comment on how to treat records that exist solely on a ledger the transfer agent does not exclusively control. More broadly, the proposal would also shorten processing timeframes and add new rules on compliance programs and restrictive legends. Comments were due November 3, 2026. SEC Press Release; SEC Proposed Rule; Gibson Dunn Client Alert.

FinCEN Issues Alert on Digital Asset Investment Scams Run by Overseas Scam Centers
On September 3, the Financial Crimes Enforcement Network (FinCEN) published a financial trend analysis and an accompanying alert on digital asset investment scams, commonly known as "pig butchering," perpetrated by overseas scam centers. FinCEN analyzed 33,904 Bank Secrecy Act reports filed between September 8, 2023 and December 31, 2025, reflecting approximately $12.7 billion in suspected scam-related activity, and attributed the scams largely to transnational criminal organizations operating scam compounds in Southeast Asia. The alert identifies red flags to help financial institutions detect, prevent, and report related suspicious activity. FinCEN Press Release; Cointelegraph.

Senate Fails to Advance the CLARITY Act
On September 15, the Senate voted 49–50 against invoking cloture on the motion to proceed to H.R. 3633, the Digital Asset Market Clarity Act (CLARITY Act), leaving the bill 11 votes short of the 60 required to move forward. The vote followed a weekend of negotiations over ethics provisions addressing public officials' crypto interests, during which President Trump agreed to concessions including new restrictions on federal elected officials issuing digital assets and additional enforcement authority for state attorneys general, and came one day after eighteen state attorneys general urged the Senate to reject the bill as written. NBC News (AP); Decrypt; The Block.

House Financial Services Committee Advances Strategic Bitcoin Reserve Bill
On September 16, the House Financial Services Committee voted 28–21, along party lines, to report H.R. 8957, the American Reserve Modernization Act of 2026, which would codify the Strategic Bitcoin Reserve that President Trump established by executive order in March 2025. As amended by a committee substitute, the bill would direct the Treasury Department to establish, within 180 days, a Strategic Bitcoin Reserve for bitcoin owned by the federal government and a separate Digital Asset Stockpile for other digital assets; prohibit the sale or other disposition of reserve bitcoin for 20 years; require annual reporting on holdings, transactions, and control of private keys; and direct Treasury and the Commerce Department to study budget-neutral ways to acquire additional bitcoin. The bill must still pass the full House, and no companion bill has passed the Senate. House Committee on Financial Services Press Release; Decrypt; The Block.

SEC Issues "Innovation Exemption" for Onchain Trading of Tokenized Stocks
On September 17, the SEC issued an order granting temporary, conditional exemptive relief, which it calls the "Innovation Exemption," to facilitate onchain trading of tokenized National Market System (NMS) stock. The order exempts qualifying tokenized securities venues that offer trading through permissioned automated market maker liquidity pools from the Securities Exchange Act's definition of "exchange," and exempts certain liquidity providers that supply tokenized NMS stock to those pools from the definition of "dealer." The exemptions took effect immediately and expire on September 17, 2031, and the SEC has requested public comment on all aspects of the relief. SEC Press Release; SEC Order; Gibson Dunn Client Alert; The Block.

CFTC Staff Extends Introducing Broker No-Action Relief to Passive Software Providers
On September 17, the Commodity Futures Trading Commission's (CFTC's) Market Participants Division issued Staff Letter 26-25, extending to similarly situated providers of "passive software" the no-action position that staff granted to self-custodial wallet developer Phantom Technologies

in March. Staff will not recommend enforcement action against a qualifying provider for failing to register as an introducing broker where its software serves only as a front-end interface through which users transmit trading instructions directly to designated contract markets or registered intermediaries, and where the provider satisfies specified conditions, including making disclosures and adopting policies and procedures. A footnote in the letter indicates that the relief may extend beyond crypto asset–related software. CFTC Letter; The Block; Bitcoin.com News.

Federal Reserve Proposes GENIUS Act Rules for Board-Supervised Stablecoin Issuers

On September 24, the Board of Governors of the Federal Reserve System requested comments on two notices of proposed rulemaking implementing its responsibilities under the GENIUS Act. The first would require Board-supervised permitted payment stablecoin issuers to fully back stablecoins with permissible reserve assets, impose standardized capital and risk-management requirements, set rules for Board-supervised custodians of reserve assets, and clarify the permissibility of stablecoin activities for Board-supervised banks. The second would establish an application process for Board-supervised banks seeking approval for a subsidiary to issue payment stablecoins. Governor Barr issued a statement describing the proposals as an important step while questioning whether they adequately address interest rate and foreign currency risk. Comments must be submitted by November 30, 2026. Federal Reserve Press Release; Governor Barr Statement; PYMNTS.

SEC Staff Issues FAQs on Crypto Asset Classification and Investment Contracts

On September 25, the SEC Division of Corporation Finance released Frequently Asked Questions (FAQ) on the application of the federal securities laws to certain crypto assets, building on the SEC's March 17, 2026, interpretive release. The FAQs explain that the interpretive release's definitions of "functional" and "decentralized" apply only when the SEC classifies a crypto asset. Whether an issuer has kept its promises about functionality or decentralization instead depends on how the issuer itself defined those terms. The FAQs also state that staking receipt tokens may be classified as digital tools or digital commodities depending on the circumstances and set out a narrow test for what qualifies as a "receipt." On whether a crypto asset is sold as part of an investment contract, the FAQs state that promoting a crypto system's current utility absent promotion of profit potential likely would not constitute essential managerial efforts, and that a buyback announcement for a functional crypto system with no central party would not constitute such efforts. The SEC updated the FAQs on September 28 to add the "no central party" qualifier. SEC FAQ; The Block.

SEC Proposes Crypto Asset Custody Framework for Investment Advisers and Regulated Funds

On October 1, the SEC proposed new rules and amendments under the Investment Advisers Act of 1940 and the Investment Company Act of 1940 to create a custody framework tailored to crypto assets held by registered investment advisers and regulated funds (registered investment companies and business development companies). The roughly 760-page proposal would permit advisers and regulated funds to self-custody crypto assets subject to conditions, including a determination before taking custody, and quarterly thereafter, that no permitted custodian is available to hold the asset, and would also permit crypto assets to be held with state trust companies in certain circumstances. The proposal would add safeguarding, diligence, and disclosure requirements, including amendments to Form ADV and Form N-CEN. Commissioner Peirce noted that "self-custody" in the proposal refers to the adviser acting as custodian, not to investors holding their own keys. Comments are due December 7, 2026. SEC Press Release; Decrypt; SEC Commissioner Peirce Statement; SEC.

FinCEN Withdraws Unhosted Wallet and CVC Mixing Proposals

On October 5, FinCEN announced the withdrawal of two pending digital asset proposals. The first, proposed in December 2020, would have imposed recordkeeping, verification, and reporting requirements on certain convertible virtual currency (CVC) transactions involving unhosted wallets or wallets at certain foreign financial institutions, with reporting above $10,000 and recordkeeping above $3,000. The second, proposed in October 2023, would have treated international CVC mixing as a class of transactions of primary money laundering concern under Section 311 of the USA PATRIOT Act; FinCEN withdrew both the finding and the proposed special measure, citing commenters' concerns that the broad definition of mixing could chill legitimate activity. FinCEN Press Release; FinCEN Withdrawal (Dec. 2020 Proposal); FinCEN Withdrawal (Oct. 2023 Proposal); Cointelegraph.

CFTC Issues ANPRM on Regulation Crypto Asset Transactions and Regulation Crypto Asset Markets

On October 5, the CFTC published an Advance Notice of Proposed Rulemaking (ANPRM) announcing its intent to adopt a framework under Section 2(c)(2)(D) of the Commodity Exchange Act for leveraged, or margined, retail commodity transactions involving crypto assets. The ANPRM previews two proposals: Regulation Crypto Asset Transactions, setting out the CFTC's preliminary interpretation of when crypto asset transactions fall within Section 2(c)(2)(D), and Regulation Crypto Asset Markets, which would create a "crypto asset market" subcategory of designated contract market limited to exchanges listing only covered transactions. The CFTC's preliminary view is that "actual delivery" means transfer of the crypto asset to the customer's digital wallet and does not include a "book" transfer. CFTC Press Release; CFTC; The Block.

OCC Issues First Final Rule Implementing the GENIUS Act

On October 21, the Office of the Comptroller of the Currency (OCC) announced a final rule implementing the GENIUS Act, becoming the first federal regulator to finalize its rules implementing it. The final rule establishes requirements for permitted payment stablecoin issuers and foreign payment stablecoin issuers under the OCC's jurisdiction, as well as certain custody activities conducted by OCC-supervised entities. The OCC will address Bank Secrecy Act, anti-money laundering, and sanctions requirements in a separate rulemaking in coordination with the U.S. Treasury. Notably, the final rule omits the proposed rule's rebuttable presumption that certain arrangements between issuers and third parties to pay interest to holders would violate the GENIUS Act's prohibition on issuer-paid interest or yield. Instead, the OCC will apply the statutory language to the facts and circumstances of each arrangement. The final rule also gives issuers more flexibility in managing reserve assets. The final rule and the GENIUS Act take effect on January 18, 2027, and the OCC will separately announce when it will begin accepting applications. OCC Press Release; OCC Bulletin 2026-50; CoinDesk; The Block; Law360; Gibson Dunn Client Alert.

SEC Adds Tokenization to 2027 Examination Priorities

On October 23, the SEC's Division of Examinations released its fiscal year 2027 examination priorities, which identify tokenization among the risks associated with evolving market infrastructure, a topic not mentioned in the fiscal year 2026 priorities. Examinations under Regulation Systems Compliance and Integrity will focus on emerging trends, including "super intelligence," tokenization of securities, extended trading hours, and quantum computing. Clearing agency examinations will focus on high-risk areas, including risk management of defaults, recovery and wind-down, securities lending, operations, and tokenization. Crypto assets

do not appear as a standalone priority for the second consecutive year. SEC Press Release; SEC 2027 Examination Priorities; Cointelegraph.

INTERNATIONAL

MAS Consults on Stablecoin Legislation

On September 1, the Monetary Authority of Singapore (MAS) published a consultation on proposed amendments to the Payment Services Act 2019 to implement its stablecoin regulatory framework. The proposals cover licensing and requirements relating to reserve backing, capital, redemption, and disclosure. MAS also proposed allowing joint issuance by Singapore and foreign issuers, recognizing certain foreign-regulated stablecoins, and introducing additional safeguards, including a prohibition on interest payments. MAS.

FCA and Bank of England Publish Feedback on Tokenization in Wholesale Markets

On September 14, the Financial Conduct Authority (FCA) and the Bank of England published a joint feedback statement summarizing responses to their May 2026 call for input on tokenization in UK wholesale markets. According to the statement, respondents broadly supported the authorities' vision but pressed for clear timelines, a move from pilots and sandboxes to full-scale production, clarity on the prudential and collateral treatment of tokenized assets, and the use of stablecoins as settlement assets. The authorities said they will publish a tokenization roadmap with target dates later in 2026, and the FCA plans to consult on safeguarding rules for tokenized securities in the first half of 2027. The FCA also launched a call for input on tokenized gold, which closed on October 23. FCA Feedback Statement.

HM Treasury Lays Amendments to UK Cryptoasset Regulations Ahead of 2027 Regime

On September 15, His Majesty's Treasury laid before Parliament the draft Financial Services and Markets Act 2000 (Cryptoassets) (Miscellaneous Amendments) Regulations 2026, which would amend the UK's cryptoasset regulatory regime. The regime is scheduled to take effect on October 25, 2027. The amendments introduce a defined category of "UK qualifying stablecoins," issued by firms authorized under the new regime, and exclude certain transfers and exchanges of those stablecoins, and their use in non-consumer collateral arrangements, from the new dealing and arranging activities. They also exempt issuers holding backing assets for their own stablecoins from safeguarding requirements, exclude firms that merely provide technical access to authorized providers or decentralized protocols, and widen the financial promotion exemptions. The draft Regulations must still be approved by resolution of each House of Parliament before they can be made, and no deadline for that approval has been announced. Draft Regulations; UK Parliament.

FCA Finalizes Cryptoasset Perimeter Guidance and Opens Authorization Gateway

On September 16, the FCA published Policy Statement PS26/18, finalizing its guidance on the scope of the new regulated cryptoasset activities in a new chapter of its Perimeter Guidance Manual. The guidance sets out when authorization is required once the regime applies on October 25, 2027, addressing the "by way of business" test, territorial scope, and hybrid tokens, and states that cryptoasset lending and borrowing fall within the dealing, arranging, and safeguarding activities. The FCA plans to consult in the last quarter of 2026 on updates reflecting the UK Government's September 15 amendments. On September 30, the FCA opened its authorization gateway, with an application period running until February 28, 2027. FCA Policy Statement; FCA.

UAE Firms Must Comply with New Central Bank Law

On September 16, the one-year grace period for complying with Federal Decree-Law No. 6 of 2025 regarding the Central Bank, the Regulation of Financial Institutions and Activities, and Insurance Business ended, so the law now applies in full and entities subject to it must comply. The law took effect on September 16, 2025, but gave affected entities a year to bring their licensing, governance, and compliance arrangements into line with the new framework. It consolidates banking, insurance, and payments regulation under the Central Bank of the UAE (CBUAE) and extends the CBUAE's licensing perimeter to payment services using virtual assets and open finance and, under Article 62, to any person who engages in, offers, issues, or facilitates a licensed financial activity by any means or technology. CBUAE Legislation.

ADGM FSRA Consults on Proposed DeFi Risk Management Guidance

On October 6, the Financial Services Regulatory Authority (FSRA) of Abu Dhabi Global Market (ADGM) published Consultation Paper No. 5 of 2026 seeking feedback on draft guidance on managing the risks of decentralized finance (DeFi). The guidance is not yet in effect and the FSRA expects to finalize it in the first half of 2027. Rather than creating a dedicated regime for DeFi protocols, the proposed guidance would set out how authorized persons and recognized bodies should identify, assess, monitor, and manage the risks of engaging with DeFi protocols and venues, covering governance, due diligence, monitoring, financial crime controls, incident escalation, recordkeeping, auditability, competence, and client asset safeguards. The paper follows the FSRA's 2022 discussion paper on DeFi. Comments are due by November 30, 2026. FSRA Announcement.

ESMA Tells Crypto-Asset Service Providers to Stop Servicing Non-MiCA-Compliant Stablecoins

On October 8, the European Securities and Markets Authority (ESMA) published an opinion stating that crypto-asset service providers authorized under the Markets in Crypto-Assets Regulation (MiCA) should stop providing services to EU clients involving stablecoins that do not comply with MiCA. The expectation covers all MiCA services, including trading, exchange, custody, and transfers, and ESMA considers that warnings or client acknowledgments would not address its concerns. ESMA expects national regulators to require existing exposures to be remediated by January 8, 2027. The opinion follows ESMA's September 30 response to the European Commission's consultation on the review of MiCA, which recommended writing this prohibition into MiCA itself, alongside new rules for decentralized finance access services, staking, and lending, and binding ESMA opinions on token classification. ESMA Opinion; ESMA Consultation Response.

SFC Approves Secondary Trading of Tokenized Public Funds

On October 26, the Hong Kong Securities and Futures Commission (SFC) announced approval for secondary trading of two tokenized public money market funds on a licensed virtual asset trading platform. Round-the-clock trading of the ChinaAMC HKD Digital Money Market Fund and ChinaAMC USD Digital Money Market Fund began the same day. The approval follows the SFC's April 2026 framework for secondary trading of tokenized funds, which sets safeguards covering trading arrangements, fair pricing, liquidity, and disclosure. The SFC will monitor trading activity before considering expansion to other fund types. SFC.

LITIGATION

UNITED STATES

Second Circuit Affirms Dismissal of Voyager Customers' Suit Against Metropolitan Commercial Bank

On October 9, the U.S. Court of Appeals for the Second Circuit, in a summary order, affirmed the dismissal of a suit brought against Voyager Digital's (Voyager) former bank, Metropolitan Commercial Bank (Metropolitan). The suit, brought by Voyager's bankruptcy plan administrator as assignee of claims held by more than 30,000 former Voyager customers, alleged that Metropolitan participated in or aided and abetted Voyager's fraud. The panel affirmed the lower court's dismissal of the suit as based on non-actionable general allegations that Metropolitan's proximity to and oversight of Voyager meant the bank should have discovered the alleged fraud; that other allegations failed to show the bank knew of any specific allegedly false statements; and that other assertions of vicarious liability were inadequate. *Wyse v. Metro. Com. Bank*, No. 25-2106 (2d Cir. Oct. 9, 2026) (summary order); Law360.

SDNY Denies Joint CFTC–Gemini Motion to Vacate $5 Million Consent Order

On October 15, Judge Alvin Hellerstein of the Southern District of New York denied a joint motion by the CFTC and Gemini Trust Company, LLC (Gemini) to vacate a January 2025 consent order imposing a $5 million civil penalty and a permanent injunction. The order resolved a 2022 CFTC lawsuit alleging that Gemini made false or misleading statements to CFTC staff during review of a proposed bitcoin futures contract. The parties argued that the CFTC would not bring the case under its current enforcement policies and that Gemini settled under coercive pressure. The court held that a shift in enforcement priorities, including President Trump's January 2025 executive order on digital assets, is not a significant change in law, and it rejected the coercion argument because Gemini litigated for roughly three years before settling shortly before trial. Gemini remains subject to the injunction. *CFTC v. Gemini Tr. Co.*, No. 1:22-cv-04563 (S.D.N.Y. Oct. 15, 2026); CoinDesk; The Block; Law360.

ENFORCEMENT ACTIONS

UNITED STATES

Ringleader of $245 Million Crypto Social Engineering Scheme Pleads Guilty

On September 8, Malone Lam, a 22-year-old Singaporean national who lived in Miami, pleaded guilty to one count of racketeering conspiracy for leading an alleged international social engineering enterprise that stole and laundered more than $245 million in cryptocurrency, the U.S. Attorney's Office for the District of Columbia announced. According to prosecutors, Lam identified victims and coordinated the roles of his co-conspirators, and members of the group spent the proceeds on nightclub outings costing up to $500,000 a night, luxury handbags and watches, rental homes in Los Angeles, the Hamptons, and Miami, and luxury cars worth up to $3.8 million. Lam faces up to 20 years in prison, and a status hearing is scheduled for December 8. DOJ Press Release; The Block.

Treasury Sanctions A7 Network and Proposes Rule Targeting Its Sub-Agents

On October 1, as part of what it calls Operation Economic Outcast, the Treasury Department took coordinated action against the A7 Network, a Russia-linked shadow banking network that Treasury says Iran uses to evade sanctions. The Office of Foreign Assets Control (OFAC) designated the network a significant transnational criminal organization, and OFAC's blocking obligations apply immediately. FinCEN proposed a special measure under Section 9714(a) of the Combating Russian Money Laundering Act that would prohibit covered financial institutions from processing transmittals of funds involving A7 Sub-Agents, and issued an alert identifying red flags tied to the network. The proposed measure is not yet final. FinCEN reported that more than 180 entities processed at least $179.1 billion in A7A5, a ruble-backed token issued by sanctioned entity Old Vector LLC, between February 2025 and June 2026. FinCEN Press Release; Federal Register.

Jury Convicts Uranium Finance Exploiter Jonathan Spalletta

On October 7, the United States Attorney's Office for the Southern District of New York announced that a jury convicted Jonathan Spalletta on all counts of an indictment charging computer fraud and money laundering in connection with his hacks of the decentralized cryptocurrency exchange Uranium Finance, following a six-day trial before Judge Jed S. Rakoff. According to the government, Spalletta exploited vulnerabilities in Uranium's smart contracts to take tens of millions of dollars. DOJ Press Release.

New York Attorney General Permanently Bars Celsius Founder Alex Mashinsky in Up to $35 Million Settlement

On October 9, New York Attorney General Letitia James announced a settlement that permanently bars Alex Mashinsky, co-founder and former chief executive of cryptocurrency lender Celsius Network LLC (Celsius), from doing business in the securities, commodities, and cryptocurrency industries and secures up to $35 million in conditional payments from him. The agreement resolves the Attorney General's 2023 civil lawsuit alleging that Mashinsky encouraged customers to deposit billions of dollars in digital assets by portraying Celsius as safe while concealing losses from risky investments, harming more than 26,000 New York investors, and that he failed to register as a salesperson and dealer under New York law. Under the settlement, Mashinsky must pay $25 million if he fails to forfeit an additional $10 million to the federal government under his plea agreement, and another $10 million if he does not serve his full 12-year prison sentence. The settlement follows Mashinsky's federal guilty plea and a June 18 CFTC consent order permanently barring him from trading and registering with the agency. NY AG Press Release; CFTC Press Release; The Block; Cointelegraph.

Brooklyn District Attorney and FBI Dismantle Infrastructure of Crypto Scam Targeting Russian Speakers

On October 14, the Brooklyn District Attorney's Office announced that its Virtual Currency Unit, working with the Federal Bureau of Investigation (FBI), had seized or disrupted 241 fraudulent cryptocurrency investment domains and 112 cloud-based servers supporting a multinational scam targeting Russian-speaking victims in the U.S. The scammers allegedly used Russian-language Facebook ads and fake investment advisers to steer victims to sham crypto investment websites that took their funds and blocked withdrawals, then targeted them again with false promises of recovery. The Office estimates the scheme stole tens of millions of dollars and said it has seized approximately $300,000 to date. Brooklyn DA Press Release; Law360.

CFTC Secures Over $288 Million in Judgments Against EminiFX and Founder for Ponzi Scheme

On October 19, the CFTC announced that the U.S. District Court for the Southern District of New York had entered orders granting summary judgment, injunctive relief, and a civil monetary penalty against EminiFX Inc. (EminiFX) and its founder, Eddy Alexandre. The orders require the defendants to pay approximately $228.6 million in restitution, $15 million in disgorgement (offset by restitution paid), and a $45.1 million penalty. According to the CFTC, EminiFX was marketed as an investment club offering cryptocurrency and forex trading and drew hundreds of millions of dollars from investors by reporting high returns, when in fact it was losing money and Alexandre misappropriated investor funds. A court-appointed receiver had returned more than $98 million to over 28,000 investors as of July 2026, and Alexandre is serving a nine-year prison sentence in a parallel criminal case. CFTC Press Release.

Colombian Crypto Broker Sentenced to 160 Months for Laundering Drug Proceeds Through Cryptocurrency

On October 21, Judge Mary Kay Vyskocil of the Southern District of New York sentenced Leonardo De Jesus Zuluaga Duque, a Colombian cryptocurrency broker, to 160 months in prison and ordered him to forfeit more than $14.7 million and cryptocurrency from four addresses he controlled, for his role in laundering approximately $14.5 million in cryptocurrency derived from drug trafficking proceeds. According to prosecutors, Zuluaga Duque played a supervisory role in an international network that laundered drug proceeds through cryptocurrency accounts and shell companies in the U.S. and Colombia. He pleaded guilty in May to money laundering conspiracy and cocaine importation charges. His co-defendant, Maximilien de Hoop Cartier, was sentenced to eight years in prison earlier this year. DOJ Press Release; Law360.

New York Attorney General Seeks $1.37 Billion from NovaTech Founders

On October 22, New York Attorney General Letitia James asked the New York County Supreme Court to enter a monetary judgment of approximately $1.37 billion, comprising roughly $1.134 billion in disgorgement and approximately $232.5 million in prejudgment interest, against NovaTech founders Cynthia and Eddy Petion and their affiliated entities. The court entered a default judgment on liability in August 2025 after the Petions left the United States without responding to the Attorney General's June 2024 complaint, which alleged that NovaTech and earlier ventures operated as pyramid schemes targeting Haitian-American and other immigrant communities. NY AG Press Release; The Block.

DOJ Scam Center Strike Force Charges Six Over Alleged NFT Investment Scam

On October 27, the U.S. Attorney's Offices for the District of Columbia and the District of Alaska announced charges against six Africa-based individuals with alleged ties to Malaysia and China. The six allegedly ran fake non-fungible token (NFT) investment scams targeting Americans from scam compounds in Madagascar. According to unsealed affidavits, the scammers posed as women on dating websites, persuaded victims to connect their cryptocurrency wallets to fraudulent NFT investment websites, and then drained funds from those wallets without the victims' knowledge. The FBI identified approximately 74 cryptocurrency wallets associated with about 800 victims. The alleged leader, Chui Kok Wa, was charged with conspiracy to commit wire fraud. The government called on Madagascar to extradite the six defendants. In announcing the charges, the U.S. Attorney also reported that the Strike Force, launched in November 2025, has

restrained more than $1 billion in cryptocurrency and seized 700 fraudulent crypto investment websites. DOJ Press Release.

SEC Brings New DEBT Box Fraud Action, Settles with Three Defendants
On October 29, the SEC announced a new action against Jason R. Anderson, Blox Lending, LLC, their joint venture partner Digital Licensing, Inc. (DLI), and DLI principals Schad Brannon and Roydon Nelson, with Business Funding Solutions, LLC named as a relief defendant. The SEC alleges an offering fraud, branded as DEBT Box, that raised at least $200 million from more than 100,000 retail investors worldwide. According to the complaint, from November 2021 through August 2023 the defendants sold investment contracts, in the form of license agreements, that gave investors rights to DEBT Box crypto assets, while falsely representing that real-world projects generated revenue for DEBT Box. DLI, Brannon, and Nelson have consented to proposed final judgments. The filing revives a matter the SEC voluntarily dismissed in 2024, after the court sanctioned the agency over its conduct in obtaining a temporary restraining order and asset freeze in the original 2023 case. Law360; SEC Litigation Release; Complaint.

SEC Charges Two Entities in Alleged $130 Million Crypto Scheme Built on False SEC Filings
On October 29, the SEC filed a complaint in the Northern District of California against BG Wealth Sharing Ltd and DSJ Exchange Pty Ltd, two foreign-operated, Colorado-incorporated entities, alleging that they raised more than $130 million from tens of thousands of retail investors through a fraudulent crypto "wealth-sharing program." According to the complaint, from at least October 2025 through June 2026, BG Wealth promised extraordinary, risk-free returns from purported AI-generated crypto trading signals and directed investors to deposit crypto assets with DSJ Exchange, which allegedly executed no trades, displayed fictitious profits, and ultimately blocked withdrawals. The defendants also allegedly submitted a false Form ADV and Form D and then pointed investors to those filings, along with fabricated certificates bearing the SEC seal, as purported evidence of SEC registration or approval. The complaint charges both defendants with violating the antifraud provisions of the Securities Act and the Exchange Act, and charges BG Wealth with violating the Investment Advisers Act's recordkeeping and false-filing provisions; the SEC seeks permanent injunctions, disgorgement with prejudgment interest, and civil penalties. The SEC has removed the allegedly false filings from its website. SEC Litigation Release; Complaint.

OTHER NOTABLE NEWS

HKMA Outlines Digital Bond Settlement Plans
On September 23, Hong Kong Monetary Authority (HKMA) Chief Executive Eddie Yue outlined initiatives to develop Hong Kong's digital bond market. CMU OmniClear is building a digital asset platform designed to support 24-hour on-chain settlement against central bank digital currencies, with potential integration of tokenized deposits and regulated stablecoins. The HKMA will also test the tokenization of Exchange Fund Bills and continue supporting regular government digital bond issuances and wider industry adoption through its Tokenised Bond Expert Group. HKMA.

California Enacts Memecoin Restrictions for Public Officials and Digital Asset Money-Laundering Law
On September 27, Governor Gavin Newsom signed Assembly Bill 2409, which prohibits California public officers and certain public employees from issuing memecoins. The law also

bars digital asset service providers from listing, for California residents, memecoins issued on or after January 1, 2027, that are offered by or in partnership with a federal public official or a state or local public officer. AB 2409 relies on civil enforcement, under which courts may order injunctions and disgorgement. The same day, the Governor signed Senate Bill 1208, which extends California's money laundering statutes to illicit transactions using digital assets and authorizes law enforcement to seize and forfeit digital assets linked to crime. CA Legislation; Governor's Press Release; Cointelegraph; Decrypt.

Mashreq and Citi Complete Tokenized Deposit Payment on Swift's Blockchain Ledger
On September 30, UAE-headquartered Mashreq announced that it had completed a live cross-border transaction with Citi using bank-issued tokenized deposits on Swift's blockchain-based ledger, which provides a shared orchestration layer linking tokenized deposits across participating banks. The transaction forms part of Swift's pilot, in which 17 banks have been testing tokenized deposit transactions since Swift declared the ledger ready for initial use in July 2026. Mashreq (via Zawya).

Hawaii Bans Cash Purchases at Crypto Kiosks
On October 1, a new Hawaii law took effect making it an unlawful practice for an operator to own, operate, or manage in the State a digital financial asset transaction kiosk that accepts U.S. currency from a customer in exchange for a digital financial asset. The law does not shut the machines down: kiosks may still exchange one digital asset for another or pay out U.S. currency, so customers may still sell cryptocurrency for cash but may not use cash to buy it. Each transaction in violation of the prohibition is a separate offense. In its findings, the legislature cited the growing use of crypto kiosks to facilitate scam payments, often against older residents, and the difficulty victims face in recovering their losses. H.B. 1642; Decrypt.

UAE Financial Intelligence Unit and VARA Sign MoU on Virtual Asset Financial Crime
On October 5, the UAE Financial Intelligence Unit (UAE FIU) and the Dubai Virtual Assets Regulatory Authority (VARA) signed a Memorandum of Understanding (MoU) to enhance the exchange of information and expertise and to strengthen joint coordination in combating financial crime involving virtual assets. The MoU was signed by Ali Faisal Ba'Alawi, Chief of the UAE FIU, and Matthew White, Chief Executive Officer of VARA. UAE FIN Announcement; Emirates News Agency Announcement.

MAS Outlines Next Steps for Tokenization and Wholesale CBDC
On October 9, MAS Managing Director Chia Der Jiun outlined Singapore's next steps in developing tokenized financial markets. MAS plans to settle tokenized MAS Bills using wholesale Singapore-dollar central bank digital currency, building on earlier trials involving interbank lending. MAS is also reviewing aspects of tokenization that may require further legal clarification and working with industry partners on common standards for connecting digital asset networks. MAS.

The following Gibson Dunn lawyers contributed to this issue: Jason Cabral, Kendall Day, Jeffrey Steiner, Sara Weed, Nick Harper, Sam Raymond, Apratim Vidyarthi, Melissa De La Torre*, Maykel Peña, Risa Nakagawa, and Nicholas Tok.

FinTech and Digital Assets Group Leaders / Members:



Ashlie Beringer
Palo Alto
+1 650.849.5327
aberinger@gibsondunn.com



Michael D. Bopp
Washington, D.C.
+1 202.955.8256
mbopp@gibsondunn.com



Stephanie L. Brooker
Washington, D.C.
+1 202.887.3502
sbrooker@gibsondunn.com



Jason J. Cabral
New York
+1 212.351.6267
jcabral@gibsondunn.com



Ella A. Capone
Washington, D.C.
+1 202.887.3511
ecapone@gibsondunn.com



M. Kendall Day
Washington, D.C.
+1 202.955.8220
kday@gibsondunn.com



Sébastien Evrard
Hong Kong
+852 2214 3798
sevrard@gibsondunn.com



William R. Hallatt
Hong Kong
+852 2214 3836
whallatt@gibsondunn.com



Nick Harper
Washington, D.C.
+1 202.887.3534
nharper@gibsondunn.com



Martin A. Hewett
Washington, D.C.
+1 202.955.8207
mhewett@gibsondunn.com



Sameera Kimatrai
Dubai
+971 4 318 4616
skimatrai@gibsondunn.com



Michelle M. Kirschner
London
+44 20 7071.4212
mkirschner@gibsondunn.com



Stewart McDowell
San Francisco
+1 415.393.8322
smcdowell@gibsondunn.com



Hagen H. Rooke
Singapore
+65 6507 3620
hhrooke@gibsondunn.com



Mark K. Schonfeld
New York
+1 212.351.2433
mschonfeld@gibsondunn.com



Orin Snyder
New York
+1 212.351.2400
osnyder@gibsondunn.com



Jeffrey L. Steiner
Washington, D.C.
+1 202.887.3632
jsteiner@gibsondunn.com



Eric D. Vandevelde
Los Angeles
+1 213.229.7186
evandevelde@gibsondunn.com



Sara K. Weed
Washington, D.C.
+1 202.955.8507
sweed@gibsondunn.com

**An associate in the New York office who is not yet admitted to practice law.*

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