# Federal and state regulators recalibrate digital asset enforcement priorities in 2025



In recent weeks, regulatory developments in the digital asset industry have reflected a notable recalibration of enforcement priorities at the federal level, alongside an increasingly prominent role assumed by state regulators. This shift in approach underscores a period of both legal refinement and strategic realignment affecting actors across the cryptocurrency ecosystem.

A significant event illustrating the rising involvement of states occurred on 17 April 2025, when the Oregon Attorney General filed a lawsuit against cryptocurrency exchange Coinbase. The suit alleges that Coinbase violated Oregon’s securities laws by listing 31 digital assets which the state contends qualify as unregistered securities under local law. Coinbase publicly responded, stating: “Oregon’s holdout campaign is obstruction for the sake of obstruction. It is a desperate scheme that does nothing to move the crypto conversation forward, and in fact takes us a giant leap backwards from hard-won progress.” This legal action is particularly noteworthy given the backdrop of the U.S. Securities and Exchange Commission (SEC) having recently pulled back from certain enforcement actions against crypto participants. The move by Oregon signals a potential increase in state-level litigation filling enforcement gaps left by the SEC’s strategic pivot.

At the federal level, there has been a clear shift towards focusing enforcement resources on combating fraud and protecting consumers rather than maintaining a broadly adversarial posture toward the digital asset sector. On 10 April 2025, the SEC’s Division of Corporation Finance issued new guidance on how issuers of crypto-related securities can comply with federal securities laws in their disclosures. The guidance acknowledges the growing trend of tokenised securities and lays out expectations for disclosures covering business operations, development milestones, risk factors (including technological and regulatory risks), detailed descriptions of the securities themselves, and information about key executives or policy decision-makers. This step aims to facilitate innovative companies in registering tokenised products, reflecting the ongoing blurring of lines between traditional financial instruments and digital assets.

In addition, on 9 April 2025, the U.S. House of Representatives convened dual hearings through the Financial Services Committee’s Digital Asset Subcommittee and the Agriculture Committee’s Digital Asset Subcommittee to explore overarching market structure considerations for digital assets. Witnesses such as Bill Hughes, Chris Brummer, and Rodrigo Seira emphasised practical use cases and converging regulatory frameworks. The discussions reinforced a consensus that digital asset securities require a registration process with the SEC that is manageable and does not stifle innovation, with upcoming legislative drafts expected to pivot from focusing on decentralisation to the concept of “control” in distinguishing securities from non-securities.

Further signalling federal enforcement recalibration, the U.S. Department of Justice (DOJ) on 7 April 2025 circulated a memorandum from Deputy Attorney General Todd Blanche entitled “Ending Regulation by Prosecution.” The memo directs DOJ personnel to concentrate prosecutorial efforts on individuals perpetrating fraud and other criminal acts involving digital assets, rather than targeting exchanges or wallet providers for regulatory compliance issues. Notably, the memo announced the disbandment of the National Cryptocurrency Enforcement Team, which had been a key player in crypto investigations. However, the document clarifies that prosecutions related to certain funds derived “knowingly” from criminal conduct remain unaffected, thus maintaining focus on fraudulent activities. Regarding victim compensation, the memo highlights challenges in valuing digital asset losses, referencing previous discrepancies such as those seen in the FTX bankruptcy repayments.

Several additional noteworthy developments punctuate this evolving regulatory environment. Paul Atkins was sworn in as SEC Chair, marking a new leadership chapter for the agency potentially aligned with the recent strategic shifts. The state of Illinois is advancing legislation reminiscent of New York’s stringent “BitLicense” regulatory regime, suggesting a patchwork of state-level standards may emerge absent uniform federal rules. Meanwhile, prominent market participant OpenSea publicly advocated in a letter to the SEC for exemptions from broker-dealer registration requirements for NFT marketplaces, underscoring the persistent regulatory questions surrounding digital collectibles despite a broader market decline.

Legal relief was experienced by Nova Labs, developer of the Helium Network, with a lawsuit filed prior to SEC Chair Gary Gensler’s resignation dismissed with prejudice, effectively ending that litigation. Former SEC Corporation Finance Director Bill Hinman was also cleared by the Office of Inspector General from allegations related to insider dealings connected to his influential 2018 speech on crypto assets.

In a strategic business move, Ripple announced plans to acquire global credit network Hidden Road for approximately $1.25 billion, aiming to integrate its stablecoin (RLUSD) with traditional finance mechanisms for cross-border settlement solutions.

On the regulatory research front, Paradigm contributed analysis on Miner Extractable Value (MEV) dynamics, advocating considerations for SEC regulation cognisant of these technical market mechanisms. The SEC also announced an upcoming roundtable on crypto custody issues featuring notable speakers, consistent with ongoing efforts to foster transparent regulatory dialogue.

Conversely, a new lawsuit has been filed against Phantom Wallet developers by an attorney whose memecoins were reportedly stolen following a security breach, representing potential fresh legal challenges for wallet providers amid discussions on the scope of regulatory responsibilities under pending market structure legislation.

In summary, the last fortnight has been marked by a distinct federal repositioning away from broad non-fraud cryptocurrency prosecutions towards targeted investigations of criminal misconduct, accompanied by increasing state-level enforcement initiatives such as Oregon’s case against Coinbase. With the SEC clarifying registration pathways for crypto securities, congressional hearings deliberating market frameworks, and DOJ redefining prosecutorial priorities, the digital asset regulatory landscape in the United States is crystallising into a more defined, albeit complex, framework incorporating multiple jurisdictional actors. The ongoing developments reflect a sector in transition as regulators seek to balance innovation with investor protection across federal and state lines.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

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