

SEC's "scorched-earth" lawsuit against Coinbase to be dropped, company says

On Friday, a Coinbase executive declared the "war against crypto" over—"at least as it applies to Coinbase."

According to Coinbase Chief Legal Officer Paul Grewal, the US Securities and Exchange Commission (SEC) plans to drop its lawsuit against the largest US cryptocurrency exchange as the agency shifts to embrace Donald Trump's new approach to regulating cryptocurrency in the US.

The SEC sued Coinbase in 2023, accusing Coinbase of "operating its crypto asset trading platform as an unregistered national securities exchange, broker, and clearing agency" and "failing to register the offer and sale of its crypto asset staking-as-a-service program."

"Since at least 2019, Coinbase has made billions of dollars unlawfully facilitating the buying and selling of crypto asset securities," the SEC alleged.

At that time, the SEC claimed that Coinbase's supposedly dodgy operations were depriving investors of "significant protections, including inspection by the SEC, recordkeeping requirements, and safeguards against conflicts of interest, among others." The litigation was intended to protect Coinbase customers, the SEC said, by holding Coinbase to the same standards as any service acting as an exchange, broker, or clearing agency.

Former SEC Chair Gary Gensler, long considered an adversary in

the crypto industry, had warned that Coinbase “deliberately” flouted rules to cheat investors out of protections for financial gain. That left customers exposed to risks, Gensler claimed, and allowed for insider trading that resulted in a settlement.

“You simply can’t ignore the rules because you don’t like them or because you’d prefer different ones: the consequences for the investing public are far too great,” Gensler said.

<https://arstechnica.com/tech-policy/2025/02/coinbase-says-war-on-crypto-is-over-claims-sec-will-drop-lawsuit/>