

Digital Assets Recent Updates

May 1, 2024

We are pleased to provide you with the April 2024 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

- ***Mango Markets Exploitation Jury Finds Avraham Eisenberg Guilty of Fraud and Market Manipulation***

On April 18, jurors in the Southern District of New York found Avraham Eisenberg, a cryptocurrency trader, guilty of fraud and market manipulation following a two-week jury trial. In October 2022, Eisenberg executed several purchases on Mango Markets, a decentralized exchange, in an effort to artificially raise the price of the MNGO token relative to the USD Coin, while holding MNGO perpetual futures. Eisenberg then used his perpetual futures as collateral to borrow and withdraw approximately \$116 million worth of various crypto assets from Mango Markets, effectively draining all available assets from the platform. Eisenberg claimed he legally obtained the funds, and he returned \$67 million in crypto to Mango Markets. He was arrested in Puerto Rico in December 2022. U.S. Attorney Damian Williams said the conviction was the first ever in a cryptocurrency market manipulation case. In addition to these criminal charges, Eisenberg faces civil charges from the SEC and CFTC for violations of the anti-fraud and market manipulation provisions of the securities laws. [Reuters](#); [Law360](#); [CoinTelegraph](#); [Business Insider](#); [CoinTelegraph \[2\]](#).

- ***SEC Warns of Potential Enforcement Action Against Uniswap Labs***

On April 9, Uniswap Labs published a blog post that it had received a Wells notice from the SEC, indicating that the SEC staff would be recommending legal action against Uniswap Labs. The Uniswap Protocol is the largest decentralized trading and automated market making protocol on Ethereum, having reportedly processed over \$2 trillion worth of transactions since first launching in 2018. Uniswap Labs builds products to support the Uniswap ecosystem. Uniswap Labs vowed to fight the charges.

Uniswap Labs, as with other firms that receive a Wells notice, is permitted to respond in writing concerning why litigation by the SEC would be inappropriate. The SEC has not yet commented on any actions against Uniswap Labs, and no further details on potential litigation were currently available at publishing. [Uniswap Labs Blog Post](#); [Reuters](#); [WSJ](#); [Cointelegraph](#).

- ***DOJ Arrests and Charges Founders and CEO of Bitcoin Mixing Service Samourai Wallet With Money Laundering and Unlicensed Money Transmitting Offenses***

On April 24, federal prosecutors charged the founders of Samourai Wallet, a crypto-mixing firm, with conspiracy to commit money laundering and operating an unlicensed money transmitter business. The government alleges that Samourai executed over \$2 billion in unlawful transactions and laundered more than \$100 million via illegal dark web markets. The government alleges that the founders encouraged and invited users to launder criminal proceeds, citing tweets and private messages; and that the platform was used to wash funds connected to Silk Road and Hydra Market. The DOJ also seized Samourai Wallet, which was hosted in Iceland, and has issued a warrant for its mobile app. The app is still available in Europe. [Indictment](#); [DOJ Press Release](#); [Axios](#); [CoinDesk](#); [CoinDesk \[2\]](#).

- ***Jury Returns Verdict in SEC's Case against Do Kwon, Terraform Labs***

On April 5, a New York jury began deliberations and returned a verdict the same day in the SEC's case against Terraform Labs and its founder, Do Kwon, finding both liable on civil fraud charges following a two-week trial. The SEC accused the defendants of misleading investors about the stability of Terra USD (USDT), an "algorithmic stablecoin" that was supposed to maintain a peg to the U.S. dollar. In May 2022, USDT unpegged, resulting in a loss of about \$40 billion in market value. [CoinDesk](#); [CNBC](#); [Reuters](#).

- ***Federal Court Rejects SEC's Claim that Coinbase Acted as Unregistered Broker, But Permits Remainder of SEC's Case Against Coinbase to Proceed; Coinbase Requests Interlocutory Appeal***

On March 27, U.S. District Court Judge Katherine Polk Failla (SDNY) granted in part and denied in part Coinbase's motion for judgment on the pleading in the SEC's enforcement action against the company. Judge Failla rejected the SEC's claim that Coinbase acted as an unregistered broker by making its Wallet application available to its customers. Judge Failla also ruled that the rest of the SEC's claims—including that Coinbase engaged in unregistered sales of securities—could proceed to discovery. On April 12, Coinbase asked the district court to certify an interlocutory appeal that would allow the Second Circuit to immediately consider whether the SEC may regulate as "investment contracts" digital asset transactions that involve no obligation running to the purchaser beyond the point of sale. [CNBC](#); [Pymnts](#); [Bitcoin.com](#); [CoinDesk](#).

- Sam Bankman-Fried Files Appeal of Conviction and Sentence***

On April 12, less than two weeks after receiving a 25-year prison sentence, Bankman-Fried appealed his conviction and sentence to the Second Circuit. This followed Bankman-Fried's request to Judge Kaplan to remain at the Metropolitan Detention Center in Brooklyn, rather than transfer to a federal prison in the Bay Area, to pursue the appeal. Bankman-Fried's lawyers have not indicated the grounds for appeal, though Bankman-Fried noted in emails to ABC News that new evidence existed that was not considered during the trial, that there were procedural flaws, and that there were improper collaborations between FTX's bankruptcy counsel and federal prosecutors. [Notice of Appeal](#); [Forbes](#); [ABC News](#); [Cointelegraph](#); [Daily Coin](#).
- OneCoin's Legal Boss Gets Four Years in Jail for \$4 Billion Crypto Scam***

On April 4, the former head of legal and compliance for OneCoin, Irina Dilkinska, was sentenced to four years in jail for her role in the infamous \$4 billion crypto Ponzi scheme after admitting she helped launder millions of dollars. Judge Edgardo Ramos (SDNY) also imposed one month of supervised release and a forfeiture of \$111 million as restitution. Dilkinska pled guilty to wire fraud and money laundering charges in the Southern District of New York in November 2023. This comes after OneCoin's co-founder, Karl Sebastian Greenwood, was sentenced to 20 years in prison and ordered to pay \$300 million in restitution for his involvement in the scam. The other main co-founder, Ruja Ignatova, remains at large. [US Attorneys' Office Press Release](#); [Reuters](#); [Bloomberg](#); [CoinDesk](#).

INTERNATIONAL

- Filecoin Foundation Investigating Reported Detention of Filecoin Liquid Staking (STFIL) Team Members in China***

On April 8, Filecoin Foundation, a nonprofit that promotes the development of Web3 storage protocol Filecoin, reported that core technical members of its STFIL team were detained by Chinese authorities. Filecoin is a decentralized storage protocol that allows PC owners to rent out their hard disk space to users with data storage needs. Filecoin reported that withdrawals from the STFIL protocol stopped working at the same time, after a developer wallet made several unscheduled upgrades, and moved \$23 million worth of Filecoin tokens to an address whose owner is unknown. Filecoin noted that it has local counsel in China looking into the incident. The Foundation has been unable to confirm whether authorities have taken possession of the funds, or to determine who is holding the STFIL team in custody. Filecoin is the latest in a set of Web3 platforms that have encountered criminal legal action in China. [Cointelegraph](#); [The Block](#).

REGULATION AND LEGISLATION

UNITED STATES

- IRS Releases Draft Form to Report Crypto Gains in 2025***

On April 19, the IRS released draft Form 1099-DA, to be used by crypto brokers to report taxable gains or losses regarding crypto trades. The form, which is similar to Form 1099-B, has an array of individual token codes that can be filled in, as well as spaces for wallet addresses and where to find transactions on the relevant blockchain. This version of the

form asks the filer to check a box that describes the type of broker they are: kiosk operator, digital asset payment processor, hosted wallet provider, unhosted wallet provider or “other.” The unhosted wallet provider option appears to refer to self-custodial crypto addresses unaffiliated with any third party. Some commentators have suggested that these fields mean that the IRS aims to classify DeFi protocols as brokerage firms, revealing personal information, and potentially undermining the benefits of pseudonymity that the crypto industry offers. Some in the crypto industry have expressed interest in litigating the issue. The form, however, remains in draft, and may change before 2025. As part of the drafting process, the IRS has invited public comment. [Draft Form](#); [Reuters](#); [Politico](#); [CoinDesk](#), [DeCrypt](#).

- ***SEC Calls for Comments on Spot Ether ETF Applications***

On April 2, the SEC solicited comments from the public regarding the proposed listing of spot Ether ETF applications on the New York Stock Exchange (“NYSE”). Under the proposed rule, the Ethereum ETF would be listed as a commodity-based trust share on the NYSE. The public had until April 23 to comment. [SEC Request](#); [Cointelegraph](#).

- ***CFPB Flags Risks in Virtual Crypto Economies***

On April 4, the CFPB released its report on banking in the gaming and virtual worlds. The report highlighted the growth of crypto-assets in both sectors, and stated that online video games and virtual worlds are becoming akin to traditional banking but lack federal protections. The agency received complaints regarding hacking attempts, account theft, and assets lost within games, with consumers expressing dissatisfaction over the lack of support from gaming companies. This report comes after the CFPB proposed a rule in November 2023 titled “Defining Larger Participants of a Market for General-Use Digital Consumer Payment Applications.” This rule grants the agency oversight over “larger nonbank firms” providing digital wallet and payment app services. Crypto industry insiders suggest that such reports could signal upcoming actions by the CFPB. [CFPB Report](#); [CFPB Proposed Rule](#); [Cointelegraph](#).

- ***SEC Delays Decision on Bitcoin ETF Options***

On April 8, the SEC postponed its decision on the NYSE proposed rule change to amend Rule 915 to permit the listing and trading of options on any trust that holds Bitcoin. The proposed rule change was published for comment in the Federal Register on February 29, 2024. Citing the need for more time in order to adequately consider the proposed rule change, the SEC designated May 29, 2024, as the day by which the commission would make a decision on the NYSE’s proposed rule. [SEC Filing](#); [Cointelegraph](#).

- ***Senators Gillibrand and Lummis Introduce Stablecoin Bill***

On April 17, Senators Kirsten Gillibrand (D-NY) and Cynthia Lummis (R-WY) introduced the Lummis-Gillibrand Payment Stablecoin Act, which would prohibit “unbacked, algorithmic stablecoins,” require one-to-one cash reserves for issuers, create state and federal regulatory regimes for firms and prevent illicit uses of stablecoins. Other provisions would permit state non-depository trust companies to issue up to \$10 billion in payment stablecoins, with authorized institutions able to issue stablecoins “up to any amount” under a limited-purpose state charter. The bill also aims to uphold the current system of state and federal charters and established rules on custody for non-depository trust companies. Finally, the bill deals with insolvency: should a stablecoin issuer experience insolvency, the FDIC can be granted conservatorship and resolution. Senator

Sherrod Brown (D-OH) and Representative Patrick McHenry (R-NC) both expressed cautious optimism regarding advancing the bill. [Gillibrand Press Release](#); [Bloomberg](#); [Cointelegraph](#); [The Block](#); [CoinDesk](#); [CoinDesk \[2\]](#).

- ***Arkansas Senate Passes Two Bills Restricting Cryptocurrency Mining***

On April 18, amended legislation aiming to prohibit the establishment of crypto mining facilities and activities involving the creation, preservation, storage, and trade of cryptocurrencies passed the Arkansas Senate. The legislation aims to limit crypto mining operations in the state through a variety of regulations, including through noise limits on mining operations, prohibitions on ownership by foreign entities, grants of authority to local governments to pass ordinances regulating mines, licensing of crypto mining operations by the State Department of Energy and Environment, and special requirements on electricity rates. [Arkansas Senate](#); [Arkansas Advocate](#); [Arkansas Democrat Gazette](#).

INTERNATIONAL

- ***Hong Kong Regulator Approves Bitcoin and Ether ETFs***

On April 15, Hong Kong's Securities and Futures Commission (SFC) approved Bitcoin and Ether exchange traded funds (ETFs), permitting three firms to (conditionally) offer spot Bitcoin and Ether ETFs. The three firms are ChinaAMC, Harvest Global, and Bosera International. While no timeline has been provided for when the batch of approved ETFs can begin trading on regulated exchanges, the conditional approval signals that Hong Kong is becoming a hub for crypto market innovation. [CNBC](#); [Reuters](#); [Elliptic](#).

- ***South African Crypto Exchange VALR Has Received Regulatory Approval from the Country's Financial Watchdog***

On April 15, South African crypto exchange VALR reported that it had obtained a license from the country's financial regulator. The company, which was valued at \$240 million two years ago, is part of the first batch of crypto firms—along with exchange platform Luno and crypto social investment platform Zignaly—to obtain approvals from South Africa's Financial Sector Conduct Authority (FSCA). VALR now has both Category I and Category II crypto asset service provider (CASP) licenses. A Category I license is the standard financial service provider required for a CASP; a Category II license enables customers to give VALR and other licensed Category II financial service providers (FSPs) a mandate to use its discretion to structure customers' portfolio, among other things. VALR serves over 1,000 corporate and institutional clients and more than half a million crypto traders worldwide. [VALR Blog](#); [CoinDesk](#); [Cointelegraph](#).

- ***Norwegian Government Introduces Law for Data Centers, to Block Energy-Intensive Crypto Mining***

On April 15, a local news outlet in Norway reported that the Norwegian government is attempting to restrict crypto mining in the country by regulating data centers, according to two ministers. Both lawmakers stated that they did not want crypto mining in the country, because of the emissions caused by mining. [CoinDesk](#); [Crypto News](#); [VG Norway](#).

- ***As Markets in Crypto-Assets (MiCA) Regulation to Take Effect, Germany's Largest Federal Bank to Offer Crypto Custody Services***

Banks in Germany are preparing for the European Union's MiCA regulation that will take

full effect in December 2024 as the first comprehensive legal framework for the crypto industry. MiCA will make crypto exchanges fully regulated entities, but the bill is still being finalized. Hand-in-hand with this forthcoming regulation, on April 15, the Landesbank Baden-Württemberg announced that it would start offering crypto custody services to institutional clients, in partnership with the Austria-based Bitpanda cryptocurrency exchange, beginning in the second half of 2024. The Landesbank Baden-Württemberg will tap Bitpanda's institutional custody solution for its offering. Bitpanda Custody is a crypto custody platform with decentralized finance (DeFi) capabilities, registered with the United Kingdom's Financial Conduct Authority (FCA). [Cointelegraph](#); [Coinedition](#).

- **Sweden Demands \$90 Million in Outstanding Tax from Crypto Miners**
On April 18, the Swedish Tax Agency announced that 18 crypto miners filed misleading or incomplete information to benefit from tax incentives. Some businesses provided the government with misleading business descriptions in order to obtain exemptions to paying value added tax on taxable operations. Others found ways to skirt import tax requirements and income tax on mining revenue. The crypto mining companies appealed the tax bill; two companies won on appeal, while the remaining sixteen lost. [Law360](#); [Cointelegraph](#).
- **Binance Wins Dubai Cryptocurrency Virtual Asset Service Provider License**
On April 18, Dubai granted Binance a full regulatory Virtual Asset Service Provider ("VASP") license. The license will allow Binance to target retail clients, in addition to qualified and institutional clients. This allows the platform to extend its offerings beyond spot trading and fiat services, expanding to margin trading products and staking products. This stage of approval comes almost a year after Binance secured its third-stage license. [Bloomberg](#); [Reuters](#); [CoinDesk](#).

This comes while Dubai's Virtual Asset Regulatory Authority (VARA) is considering alleviating the financial burdens for smaller crypto businesses, by reducing the cost of compliance for smaller entities. [Cointelegraph](#).

CIVIL LITIGATION

UNITED STATES

- **Consensys Files Suit Against SEC, Seeking Declaration that Ethereum is Not a Security**
On April 25, software developer Consensys filed a lawsuit against the SEC in the Northern District of Texas, arguing that the SEC lacks authority to regulate the ether cryptocurrency (ETH) or the MetaMask wallet developed by Consensys, and that any investigation of Consensys based on the idea that ETH is a security would violate the Due Process Clause and the Administrative Procedure Act. Consensys also argued that MetaMask is not a broker and that its staking service does not violate the securities laws. The complaint seeks declaratory relief and injunction preventing the SEC from investigating or bringing an enforcement action premised on ETH transactions being securities or related to MetaMask's swaps or staking functions. The complaint was filed after Consensys reportedly received a Wells notice from the SEC on April 10, indicating

the SEC's intention to bring an enforcement action against the company. [Complaint](#); [Reuters](#); [Bloomberg](#); [CoinDesk](#).

- ***Blockchain Association and Crypto Freedom Alliance of Texas Challenge SEC's Dealer Rule***

On April 23, the Blockchain Association and the Crypto Freedom Alliance of Texas sued the SEC in the Northern District of Texas, challenging a rule that broadly defines a "dealer" of securities. Under the rule, entities newly deemed to be dealers would face significant new burdens and costs, including capital and registration requirements. The plaintiffs argue that the dealer rule is too broad in scope (affecting participants and traders in DeFi, rather than just dealers), does not properly explain the rule's impact on crypto market participants, and ignores the feedback the SEC received during the rule's public comment period. This case joins another challenge to the dealer rule filed in the same court earlier this year by three associations of private fund advisers. [Complaint](#); [WSJ](#); [CoinDesk](#).

- ***SEC Lawyers Forced to Resign After Utah Judge Censures SEC for Abuse of Power in Crypto Case***

On March 18 a federal judge in Utah found that the SEC had abused its power in *SEC v. Digital Licensing Inc.*, No. 2:23-cv-00482 (D. Utah, Mar. 18 2024), leading to the resignation of two SEC lawyers, Michael Welsh and Joseph Watkins. The SEC brought a case against Digital Licensing, which operates the blockchain company DEBT Box, accusing the company of defrauding investors of more than \$50 million. But Chief District Judge Robert Shelby said that the SEC acted in "bad faith" and was "deliberately perpetuating falsehoods" in order to obtain an asset freeze and a temporary restraining order against the company. The judge also sanctioned the SEC, requiring it to pay attorneys' fees and costs for DEBT Box. In December, SEC enforcement chief Gurbir Grewal apologized to the court for his department's conduct. He said that he had appointed new attorneys to the case and mandated training for the agency's enforcement staff. [Opinion](#); [Bloomberg](#); [Reuters](#).

- ***Former FTX Executives to Settle Class Action Lawsuit for \$1.36 Million***

On March 27, former FTX and Alameda executives came to a nearly \$1.36 million settlement with a class action group of the crypto exchange's former investors who are seeking compensation for allegedly being defrauded. Zixiao "Gary" Wang, FTX's co-founder, Nishad Singh and Caroline Ellison each agreed to provide information in connection with the lawsuit to resolve claims against them. Notably, none of the executives admitted fault to any allegations made against them in the lawsuit, but the class group determined that their information would help strengthen its case against others it sued, including celebrities, companies, and venture capitalists. Wang, Singh and Ellison additionally agreed to provide records used in FTX's bankruptcy case, generally make themselves available for hearings and depositions, and forfeit their assets in their criminal case. Under the settlement agreement, the executives may not oppose a request from FTX investors that their assets be distributed through the class suit rather than through FTX's bankruptcy or other lawsuits. [CoinTelegraph](#); [Yahoo Finance](#).

- ***Wyoming Federal District Court Upholds Federal Reserve's Rejection of Custodia Bank's Master Account Application***

On March 29, the Federal District Court of Wyoming rejected Wyoming-based Custodia

Bank's argument that it is entitled to a Federal Reserve master account and membership with the Fed. Custodia Bank is a special purpose depository institution allowing a full suite of financial services both for U.S. dollars and digital assets. In the Opinion, the court held that federal laws do not require the nation's central bank to give every eligible depository institution access to its master account system, nor did the provided evidence suggest that the Federal Reserve Board of Governors influence a regional branch of the Fed to deny its application for an account. Instead, the court found that the Kansas City Fed likely made the decision, not at the behest of the Board. In 2023, the Fed opined that it had concerns about the sustainability of a crypto-focused bank, despite Custodia's sufficient capital and resources to launch. The Fed noted that Custodia had significant deficiencies in its ability "to manage the risks of its day-one activities," and did not think that Custodia could handle basic safety measures or comply with banking laws regarding money laundering. [Opinion](#); [CoinDesk](#); [CoinDesk \(2023\)](#).

- ***Google Files Lawsuit Against Alleged Crypto Scammers***

On April 4, Google filed a lawsuit in the Southern District of New York against Yunfeng Sun and Hongnam Cheung for allegedly uploading fraudulent investment apps to Google Play and committing hundreds of acts of wire fraud, harming Google and approximately 100,000 Google users. Google argued that the defendants made numerous misrepresentations to be able to upload their apps to Google Play, including misrepresentations about their identity, location and the nature of the applications. Google alleges that its users were promised high returns for investing in crypto and related products, but that customers who made deposits through the defendants' apps were unable to withdraw their funds and were required to pay various fees when they attempted to access their funds, which they were still unable to do even after paying such fees. [CoinDesk](#); [Blockworks](#).

SPEAKER'S CORNER

UNITED STATES

- ***Senators Elizabeth Warren and Chuck Grassley Demand that CFTC Chair Explain His Chats with Sam Bankman-Fried***

Senator Warren (D-MA) and Senator Chuck Grassley (R-IA) are demanding more information from the CFTC Chair, Rostin Benham, regarding Benham's contact with Sam Bankman-Fried, the former FTX CEO sentenced to 25 years. Benham has disclosed meetings with Bankman-Fried, but has not provided all the records regarding these meetings. Benham and his team met with Bankman-Fried ten times at the CFTC, and Benham told lawmakers that he'd also exchanged messages with Bankman-Fried. The written communication from the senators demands all written communications, plus minutes and timelines of their interactions. The CFTC has said it will provide the information the senators are asking for. [Business Insider](#).

INTERNATIONAL

- ***New Zealand Minister of Commerce Andrew Bayly Says New Zealand Should Regulate Crypto Sector to Facilitate Growth of Industry***

On April 10, 2024, New Zealand Minister of Commerce Andrew Bayly said that the

country should support crypto industry growth and take an evidence-based approach to regulating the sector. Bayly noted that doing otherwise might risk New Zealand losing out on the industry, including the financial and technological benefits from the industry's growth. Advisors to the ministry have proposed a variety of actions for New Zealand to catch up with the global trends towards crypto, including creating supportive policies for blockchain and digital assets, promoting government-industry collaboration, and adopting crypto-friendly measures such as educational initiatives and AML enhancements. [Bayly Statement](#); [CoinDesk](#).

- ***UK Lawmakers Call for the Government to Further Develop Crypto and Blockchain Skills Pipeline***

On April 17, UK Parliament's MP Lisa Cameron called for the government to ensure that digital skills are taught from the early stages of education and in the workplace. Although the government has said it wants to make the country a hub for crypto, Cameron called for more to be done beyond recognizing crypto as a regulated activity. Cameron also noted that there should be greater partnerships with blockchain companies. [CoinDesk](#).

- ***Executive Director for UK's FCA Emphasizes Crypto-User Protection Over Registration Speed***

Despite these pro-crypto calls by UK lawmakers, members of the industry have said that the UK's Financial Conduct Authority (FCA) takes too long to approve crypto application. Sarah Pritchard, the executive director for markets and international at the FCA, spoke at TheCityUK conference, noting that "[a] simple focus on numbers could undermine trust and reputation" and "[l]ower standards could leave open our market to abuse by those who seek to launder criminally made cash, damaging market integrity and confidence in financial markets," Pritchard said. "Instead, we take a longer view. Crypto's success – and the success of any base for crypto firms – relies on trust being built and maintained." [CoinDesk](#).

OTHER NOTABLE NEWS

- ***Immunefi's Research Report Shows Crypto Industry Saw 23% Decline in Losses Due to Hacking and Scams in 1Q 2024, Compared to 2023***

Immunefi, a leading Web3 bug bounty platform, released its Quarterly Report on March 30, which showed that the amount lost to hacking and fraud incidents in Q1 of 2024 amounted to approximately \$336.3 million, down from \$437.5 million in Q1 of 2023. The report covers 46 hacking incidents and 15 cases of fraudulent activities. Two projects accounted for the bulk of the losses, totaling \$144.5 million, or 43% of the overall amount. The largest attack, causing \$81.7 million in loss, targeted the cross-chain bridge protocol Orbit Bridge on New Year's Eve. The second largest attack was a \$62 million exploit on the nonfungible token game Munchables, but the funds were recovered within 24 hours. In total, almost \$73.9 million (22%) of the stolen funds from seven exploits in Q1 were recovered. Hacks accounted for 95.6% of losses, with fraud, scams, and rug pulls accounting for the rest. [Report](#); [Cointelegraph](#); [CoinDesk](#).

- ***Shomari Figures, Alabama Democratic Candidate for House, Wins Primary After Receiving \$2.7 Million in Outside Support from Digital Asset Industry's Major Campaign Finance Operation***

On April 16, Shomari Figures, a Washington insider, won the Alabama House Democratic Primary runoff with 61% of the vote. The crypto-friendly candidate dominated the field, and received \$2.7 million from a political action committee (PAC) backed by the cryptocurrency industry, Protect Progress. [CNN](#); [Alabama Political Reporter](#); [CoinDesk](#).

- ***Security Alliance (SEAL) Has Recovered \$50 Million in Assets Since Its Inception in 2023; Launches Threat-Sharing Platform to Support Crypto Space***

SEAL, a team of white-hat hackers, said it recovered \$50 million in assets since its inception in 2023. On April 17, the alliance announced its threat-sharing platform, SEAL Information Sharing and Analysis Center (ISAC), to support the crypto space. The platform is purpose-built for crypto aiming to protect against cyberattacks and financial crimes, and does so by providing security intelligence and connections to experts. Nearly twenty crypto organizations have joined the initiative. [SEAL ISAC Website](#); [Cointelegraph](#); [Business Wire](#).

- ***Moody's Says Tokenization Could Boost Liquidity for Alternative Assets***

A new Moody's report found that tokenization could offer a solution to the liquidity issues facing alternative assets, such as natural resources and private equity, by converting them into digital tokens on blockchain networks. That process could lower barriers to entry, increase transparency, and facilitate fractionalized ownership, potentially creating a more liquid secondary markets for these assets. Although tokenization has the potential to reduce costs for investors and distributors, hurdles such as regulatory uncertainty, technical challenges, and interoperability issues need to be addressed in order to achieve widespread adoption. [Report](#); [Ledger Insights](#).

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