



## CryptoLink - December 2025

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Entering the new year, digital assets legislation remains one of the few policy areas with robust bipartisan interest on Capitol Hill. All eyes remain on the two Senate committees of jurisdiction - the Senate Banking Committee and the Senate Agriculture Committee. This week both committees delayed markups of their respective portions of the bill, but despite the delay, senators from both sides of the aisle have expressed optimism that progress has been made.

Meanwhile, the House Ways and Means Committee and the Senate Finance Committee have begun work to clarify tax law regarding digital assets. On December 20, 2025, Reps. Max Miller (R-OH) and Stephen Horsford (D-NV) released a bipartisan discussion draft titled the Digital Asset Protection, Accountability, Regulation, Innovation, Taxation and Yields (PARITY) Act. This draft aims to provide tax certainty for investors and resolve the "phantom income" issue in crypto taxation. Republicans hope to eventually package language on taxes with the market structure agreement by the end of Q2, at which point most members will direct their attention toward the fall midterm election.

Regulators continued to pursue their enforcement agendas across the digital asset landscape in December. Actions ranged from domain seizures tied to international crypto investment fraud rings to criminal guilty pleas by virtual asset platforms accused of facilitating illicit activity. The Southern District of New York issued a major fraud-related sentence against the founder of Terraform Labs. Civil and criminal actions across the country continued to advance, involving alleged misappropriation, Ponzi style schemes and a large-scale retail investor scam. At the same time, one high-profile matter reached an inflection point with the closure of a years-long SEC inquiry into a tokenization platform with no charges filed. These actions underscore the government's continued focus on rooting out fraud while strengthening market integrity.

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### In This Issue

- [Akin Spotlight](#)
- [Key Developments](#)
- [Key Enforcement Actions](#)

## Akin Spotlight

Akin recently secured a landmark victory for the Blockchain Recovery Investment Consortium (“BRIC”) and other holders of Simple Agreements for Future Equity (“SAFEs”) in litigation against bitcoin miner Rhodium Enterprises Inc. As a result, Rhodium will pay SAFE holders more than \$85 million and reimburse \$8.5 million in attorneys’ fees incurred by Akin on behalf of SAFEs, totaling \$93.5 million in SAFE related recoveries—up from zero when the cases were filed in August 2024.

SAFEs are early-stage financing instruments that can entitle investors to a cash payout when triggered. BRIC retained Akin to pursue recovery on its \$50 million SAFE following Rhodium’s bankruptcy, and Akin and the BRIC organized an ad hoc group representing most of the \$89.6 million in total SAFE investments. The debtors classified SAFEs as equity rather than debt—raising a question of first impression—and argued that a post-petition sale did not trigger SAFE payouts or entitled SAFE holders to only minimal proceeds. After months of contentious litigation, and a multi-hour oral argument by Akin before Bankruptcy Judge Alfredo Perez of the Southern District of Texas, the court sided with Akin.

On August 30, 2025, Judge Perez issued a 42-page opinion overruling the debtors’ objections and holding that SAFE holders are creditors, not equity owners. The ruling forced the debtors to concede that SAFEs were entitled to payment in full and that SAFE holders should receive a substantial contribution fee award. Despite the rarity of such awards—particularly at the seven-figure level—the court approved the full \$8.5 million reimbursement to Akin. BRIC’s recovery on its \$50 million SAFE is expected to total \$57.5 million, an outcome scarcely imaginable at the outset of the case.

The Akin team was led by [Mitch Hurley](#), and included [Sarah Schultz](#), [Lizzy Scott](#), [Michael Stanley](#), [Karen Yang](#), [Kaila Zaharis](#), [Sam Baham](#) and [Russ Collins](#).

## Key Developments

### CFTC Relief Eliminates Dual US Regulation of Certain Investment Managers

Consistent with the ongoing trend towards deregulation of the investment management industry in the United States, the Commodity Futures Trading Commission (CFTC) Market Participants Division (MPD) issued a no-action letter on December 19, 2025, to the Managed Funds Association (NAL), stating that it would not recommend that the CFTC commence enforcement action against Securities and Exchange Commission (SEC) registered investment advisers which operate commodity pools that are privately offered solely to qualified eligible persons (QEP Manager).

Akin's recent client alert can be found [here](#).

### **Acting Chairman Pham Announces First-Ever Listed Spot Crypto Trading on U.S. Regulated Exchanges**

On December 4, 2025, Commodity Futures Trading Commission (CFTC) Acting Chairman Caroline D. Pham announced that listed spot cryptocurrency products will begin trading for the first time in U.S. federally regulated markets on CFTC-registered futures exchanges. Pham stated that this “historic milestone implements recommendations from the President’s Working Group on Digital Asset Markets with months of public engagement and the expert input of stakeholders, CFTC staff and other regulators.”

The CFTC’s press release can be found [here](#).

### **CFTC Announces Launch of Digital Assets Pilot Program for Tokenized Collateral in Derivatives Markets**

On December 8, 2025, CFTC Acting Chairman Pham announced the launch of a digital assets pilot program for certain digital assets, including BTC, ETH and USDC, to be used as collateral in derivatives markets; guidance on tokenized collateral and the withdrawal of outdated requirements following the enactment of the GENIUS Act.

Acting Chairman Pham noted that the pilot program “establishes clear guardrails to protect customer assets and provides enhanced CFTC monitoring and reporting.”

In addition, the CFTC’s Market Participants Division, Division of Market Oversight and Division of Clearing and Risk issued new guidance on the use of tokenized assets as collateral in futures and swaps trading. The guidance notes that CFTC regulations are technology neutral and encourage firms to analyze tokenized assets individually under the existing regulatory framework and their internal policies. The guidance applies to tokenized real world assets, including U.S. Treasury securities and money market funds.

Effective immediately, the Market Participants Division also withdrew CFTC Staff Advisory No. 20-34, Accepting Virtual Currencies from Customers into Segregation. The advisory had previously restricted Futures Commission Merchants from accepting virtual currencies as customer collateral. The press release states that “substantial developments with respect to digital assets and the use of tokenized collateral in the derivatives markets... including the enactment of the GENIUS Act, have rendered the advisory outdated and no longer relevant.”

The CFTC’s press release can be found [here](#).

### **CFTC Announces Withdrawal of Outdated Digital Assets Guidance**

On December 11, 2025, CFTC Acting Chairman Pham announced that the CFTC is withdrawing outdated guidance related to the actual delivery of “virtual currencies,” in light of substantial developments in crypto-asset markets. The withdrawal enables the agency to continue its work implementing recommendations from the President’s Working Group on Digital Asset Markets report.

The CFTC’s press release can be found [here](#).

### **SEC Chairman’s Remarks at the Crypto Task Force Roundtable on Financial Surveillance and Privacy**

On December 15, 2025, U.S. Securities and Exchange Commission (SEC) Chairman Paul S. Atkins

delivered remarks at the Crypto Task Force Roundtable on Financial Surveillance and Privacy, stating that the SEC must “confront its own record in balancing investor protection and privacy.” He cited tools such as the Consolidated Audit Trail (CAT), which was developed “with the good intention of providing a clearer view of trading across markets” but became “a powerful system that moved the SEC closer toward mass surveillance.” He announced steps to scale back some of CAT’s most sensitive data elements and re-examine its scope and cost. Chairman Atkins also emphasized that regulators must “remain humble and principled as we embrace the opportunities that crypto presents.”

Chairman Atkins’ remarks can be found [here](#).

## **UK Financial Conduct Authority Launches Consultation on Regulating Crypto Asset Activities**

On December 16, 2025, the U.K. Financial Conduct Authority (FCA) launched a consultation on proposed rules and guidance for firms conducting regulated crypto-asset activities, such as trading platforms, intermediaries (including crypto asset lending and borrowing), staking and decentralized finance. The consultation closes for comments on February 12, 2026. It is published alongside CP25/41, which sets out proposed requirements for admissions, disclosures and the market abuse regime for crypto assets, and CP25/42, which outlines proposed prudential requirements for crypto-asset firms.

The FCA’s consultation can be found [here](#).

## **SEC Office of the Investor Advocate Delivers to Congress Report on Activities for Fiscal Year 2025**

On December 17, 2025, the SEC’s Office of the Investor Advocate (Office) delivered its Report on Activities for Fiscal Year 2025 to Congress, highlighting its initiatives during the year. The report states that the Office actively seeks input from a broad range of investors, including crypto and non-traditional finance investors. It further notes that Ombuds staff respond daily to investors defrauded in investment schemes and that nearly “all of the fraud complaints reported to the Ombuds Office... were made possible by digital payment services or cryptocurrency platforms, encrypted messaging systems and the investor’s lack of information and experience with legitimate cryptocurrency investments.”

The SEC’s press release can be found [here](#), and the 2025 Report can be found [here](#).

## **SEC’s Division of Trading and Markets Issues Responses to FAQs on Crypto Asset Activities and Distributed Ledger Technology**

On December 17, 2025, the SEC’s Division of Trading and Markets issued responses to frequently asked questions related to crypto-asset activities and distributed ledger technology. The staff noted that:

- Federal securities laws do not prohibit National Securities Exchanges (NSEs) or Alternative Trading Systems (ATSS) from offering pairs trading involving a security (including crypto assets that are securities) and a crypto asset that is not a security, provided they meet statutory and regulatory requirements
- ATSS may disclose information about operations involving crypto-asset securities, including pairs trading, on Form ATS or Form ATS-N as applicable
- Federal securities laws do not prohibit a broker-dealer operating an ATS from performing broker, custodial or clearing functions in addition to operating the ATS, provided it complies with applicable laws



- Federal securities laws do not require a broker-dealer operator of an ATS to register as a clearing agency when clearing and settling transactions in crypto-asset securities for its own customers, if it is a registered broker-dealer engaging in customary brokerage or dealing activities.

The SEC's press release can be found [here](#).

### **SEC Division of Trading and Markets Issues Statement on the Custody of Crypto Asset Securities by Broker-Dealers**

On December 17, 2025, the SEC's Division of Trading and Markets issued a statement on the application of paragraph (b)(1) of Rule 15c3-3 under the Securities Exchange Act of 1934 to crypto assets that are securities. The statement addresses broker-dealers that carry crypto-asset securities for customers, including those conducting traditional securities business. When a broker-dealer takes the measures outlined in the statement, the Division will not object to it deeming itself to have "physical possession" of the crypto asset security under Rule 15c3-3.

The SEC's statement can be found [here](#).

### **Congressman Max Miller Releases Bipartisan Legislation to Modernize Tax Treatment of Digital Assets**

On December 20, 2025, U.S. Congressman Max Miller and Congressman Steven Horsford released bipartisan draft legislation intended to "modernize the federal tax code for digital assets, providing long overdue clarity and parity for consumers, investors and businesses while strengthening tax compliance and protecting the integrity of U.S. markets." The press release notes that the draft reflects bipartisan agreement on core policy objectives and provides the Treasury with targeted regulatory authority to prevent abuse while reducing unnecessary administrative burdens on taxpayers.

Congressman Miller's press release can be found [here](#).

### **Michael Selig Sworn in as 16th CFTC Chairman and Announces Amir Zaidi as Chief of Staff**

On December 22, 2025, Michael S. Selig was sworn in as the 16th Chairman of the CFTC. He was nominated by President Donald J. Trump on October 27, 2025, and confirmed by the U.S. Senate on December 18, 2025.

On December 31, 2025, Selig announced that Amir Zaidi would serve as the CFTC's Chief of Staff. Zaidi previously held several roles at the agency from 2010 to 2019, including director of the Division of Market Oversight, where he oversaw the certification and deployment of the bitcoin futures contract.

The CFTC's press releases can be found [here](#) and [here](#).

## **Key Enforcement Actions**

### **Justice Department Announces Seizure of Tai Chang Scam Compound Domain Used in Cryptocurrency Investment Fraud**

On December 2, 2025, the U.S. Department of Justice (DOJ) announced the seizure of a web domain used to target and defraud Americans through cryptocurrency investment fraud (CIF) scams. The domain, tickmilleas.com, was used at the Tai Chang scam compound in Burma (also known as Casino Kosai). The domain seizure comes less than three weeks after the U.S. Attorney's Office for the District of Columbia launched its "Scam Center Strike Force," the first District-level CIF strike force.

The DOJ's press release can be found [here](#).

### **Ondo Finance Confirms Closed SEC Inquiry**

On December 9, 2025, Ondo Finance (Ondo) issued a press release stating that it had received formal notice that a confidential multi-year SEC investigation, initiated under the Biden administration, had been closed without charges. The investigation examined whether Ondo's tokenization of certain real-world assets complied with federal securities laws as well as whether the ONDO token was a security. Ondo's press release notes, "[t]his moment is a meaningful milestone not just for Ondo but for the broader tokenization industry." The press release further states that the decision "reflects a broader shift in U.S. policy."

Ondo's press release can be found [here](#).

### **Virtual Asset Trading Platform Pleads Guilty to Violating the Travel Act and Other Federal Criminal Charges**

On December 10, 2025, the DOJ announced that Paxful Holdings Inc., an online virtual currency trading platform, pled guilty to a three-count information filing in the Eastern District of California and agreed to pay a criminal penalty of \$4 million based on its ability to pay. According to court filings, Paxful Inc., and later Paxful Holdings Inc. (collectively Paxful), owned and operated an online peer-to-peer virtual currency platform and money-transmitting business where customers negotiated for and traded virtual currency for various other items. The complaint alleges that Paxful knew its customers transmitted funds from criminal offenses, including fraud schemes and illegal prostitution. Between January 1, 2017 and September 2, 2019, Paxful facilitated more than 26.7 million trades totaling nearly \$3 billion in value and collected more than \$29.7 million in revenue. Paxful agreed to plead guilty to conspiring to violate the Travel Act by promoting illegal prostitution through interstate commerce; conspiring to operate an unlicensed money-transmitting business by knowingly transmitting funds derived from criminal offenses or supporting unlawful activity, including illegal prostitution and fraud schemes and conspiring to violate the Bank Secrecy Act's AML program requirement. Paxful's guilty plea is part of a coordinated resolution with FinCEN. Previously, on July 8, 2024, Paxful's co-founder and former chief technology officer, Artur Schaback, pleaded guilty to conspiracy to fail to maintain an effective AML program in relation to the same scheme.

The DOJ's press release can be found [here](#).

### **Do Kwon, Founder of Terraform Labs, Sentenced to 15 Years for Fraud and Manipulation**

On December 11, 2025, Do Hyeong Kwon was sentenced to 15 years in prison for committing wire fraud and conspiring to commit securities fraud, commodities fraud and wire fraud in connection with Kwon's fraudulent activities involving Terraform Labs PTE, Ltd. (Terraform) and the cryptocurrencies launched by Terraform. Kwon was extradited on December 31, 2024, and pled guilty in August 2025 before U.S. District Judge Paul A. Engelmayer, who imposed the sentence. In

addition to the prison term, Kwon was ordered to forfeit more than \$19 million in proceeds from his illegal schemes, including his interest in Terraform and its cryptocurrencies. U.S. Attorney Jay Clayton stated that “fraud is fraud whether it takes place on our streets, in our securities markets or in our emerging and important digital asset ecosystem, and no matter where in the world criminals may seek refuge, the women and men of the Southern District of New York will relentlessly pursue justice for investors and protect the integrity of financial markets.”

The U.S. Attorney’s Office press release can be found [here](#).

### **SEC Obtains Final Consent Judgments Against Two Former FTX Executives and Former Alameda Executive**

On December 19, 2025, the SEC filed proposed final consent judgments in the U.S. District Court for the Southern District of New York (SDNY) as to Caroline Ellison, the former CEO of Alameda Research Ltd. (a subsidiary of Alameda Research LLC (Alameda)), Zixiao (Gary) Wang, the former Chief Technology Officer of FTX Trading Ltd. (FTX) and Nishad Singh, the former Co-Lead Engineer of FTX. Ellison, Wang and Singh consented to the entry of final judgments, subject to court approval, in which they agreed to be permanently enjoined from violating the antifraud provisions of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder and Section 17(a) of the Securities Act of 1933, and to 5-year conduct-based injunctions. Ellison also consented to a 10-year officer-and-director bar, and Wang and Singh consented to 8-year officer-and-director bars.

The SEC’s press release can be found [here](#).

### **SEC Charges Individual with Misappropriating \$48.5 Million in Bitcoin Mining Investment Scheme**

On December 17, 2025, the SEC charged Danh C. Vo, founder and CEO of VBit Technologies Corp., with fraudulently raising more than \$95.6 million from approximately 6,400 investors and misappropriating \$48.5 million of investor funds in connection with his bitcoin mining business, known as “VBit.” The SEC’s complaint (filed in federal court in Delaware) alleges that Vo lied to investors about the nature of VBit’s business, its assets and his intended use of investor funds. The complaint charges Vo with violating the Securities Act of 1933 and the Securities Exchange Act of 1934 and seeks permanent injunctions, disgorgement with prejudgment interest, a civil penalty and an officer and director bar.

The SEC’s press release can be found [here](#).

### **DOJ Seizes \$8.5 Million in Cryptocurrency and Disrupts Investment Fraud Scheme**

On December 18, 2025, the U.S. Attorney’s Office for the Eastern District of North Carolina announced that federal agents had seized nearly \$8.5 million worth of Tether, a cryptocurrency pegged to the U.S. dollar. Investigators traced the seized funds to a cryptocurrency address allegedly linked to money stolen from victims of cryptocurrency investment scams, commonly known as a “pig butchering scheme.” According to court filings, victims unknowingly sent their investments to wallets controlled by scammers rather than to accounts in their own names. The FBI traced the funds through several cryptocurrency wallets used as part of the fraud and money laundering scheme and recovered the seized funds.

The DOJ’s press release can be found [here](#).

### **Fraudster Sentenced To 71 Months in Prison for Crypto Ponzi Scheme “IcomTech”**

On December 18, 2025, Magdalena Mendoza was sentenced to 71 months in prison for his role in



the large-scale cryptocurrency Ponzi scheme known as IcomTech and for reentering the United States illegally after previously being deported. Mendoza pled guilty in July 2025 to conspiracy to commit wire fraud and illegal reentry before the Honorable Paul G. Gardephe, who imposed the sentence. Mendoza was also ordered to pay \$789,218.94 in restitution and to forfeit \$1,500,000. He was further ordered to forfeit his interest in his residence, which was purchased using proceeds from the crime.

The U.S. Attorney's Office press release can be found [here](#).

### **CFTC Files Complaint Against Travis Ford and Wolf Capital Crypto Trading LLC**

On December 19, 2025, the CFTC filed a complaint in the U.S. District Court for the Northern District of Oklahoma seeking injunctive relief, civil monetary penalties, restitution, disgorgement and other equitable relief against Travis Ford and Wolf Capital Crypto Trading LLC. The complaint alleges the defendants engaged in a fraudulent scheme by soliciting individuals to participate in a commodity pool in the name of Wolf Capital. According to the complaint, the defendants promised returns of one to three and a half percent. Participants deposited at least \$10,146,714 into the pool. In reality, the defendants misrepresented Ford's trading performance, incurred significant losses trading digital asset commodities and futures and attempted to prolong the scheme by unilaterally reducing the promised maximum daily returns. The complaint further alleges violations of anti-fraud and registration provisions of the Commodity Exchange Act.

The CFTC's complaint can be found [here](#).

### **SEC Charges Three Purported Crypto Asset Trading Platforms and Four Investment Clubs with Scheme Targeting Retail Investors on Social Media**

On December 22, 2025, the SEC filed charges against purported crypto-asset trading platforms Morocoin Tech Corp., Berge Blockchain Technology Co. Ltd. and Cirkor Inc., and against investment clubs AI Wealth Inc., Lane Wealth Inc., AI Investment Education Foundation Ltd. and Zenith Asset Tech Foundation. The defendants allegedly defrauded retail investors out of more than \$14 million in an investment confidence scam. According to the complaint (filed in the U.S. District Court for the District of Colorado), from at least January 2024 to January 2025, the defendants misappropriated at least \$14 million from U.S.-based retail investors and funneled the funds overseas through a network of bank accounts and crypto-asset wallets. The complaint charges violations of the anti-fraud provisions of the Securities Act of 1933 and the Securities Exchange Act of 1934. The SEC seeks permanent injunctions and civil penalties against all defendants and disgorgement with prejudgment interest against Morocoin, Berge and Cirkor.

The SEC's press release can be found [here](#).

## **Akin Thought Leadership**

[CFTC Relief Eliminates Dual US Regulation of Certain Investment Managers](#) (December 22, 2025)

[NFA Repeals NFA Interpretive Notice 9073 and Amends NFA Compliance Rule 2-51](#) (October 24, 2025)

[SEC Allows State-Chartered Trust Companies to Serve as Crypto Custodians](#) (October 7, 2025)



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## Questions?

If you have any questions, please contact your regular Akin lawyer or advisor or:



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