



CryptoLink - September 2025

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Federal funding from the full-year Continuing Resolution (CR) expired on September 30. Without the necessary votes in the Senate to pass a clean CR, the federal government shut down on October 1. Since then, most official congressional activities have been suspended, and the Trump administration has started to carry out reductions in force (RIFs) at the Departments of the Treasury, Commerce, Energy, Education, and HUD. It remains unclear when the shutdown will end and when Congress will return to its normal business. Against the backdrop of the shutdown, Senate Banking Committee members have continued to negotiate comprehensive digital assets legislation. However, the two parties now seem to be at an impasse. Both Senate Banking Committee Chair Tim Scott (R-SC) and Digital Assets Subcommittee Ranking Member Ruben Gallego (D-AZ) have recently released statements criticizing the other side of the aisle following the circulation of proposed Democratic changes to the bill. Republicans have blasted Democrats for refusing to negotiate in good faith, while Democrats have responded that Republicans are failing to address Democratic concerns. Republicans are also pushing Democrats to agree to a markup date, but Democrats have refused to schedule a committee vote before a bipartisan bill is negotiated. If this continues, it is unlikely that a digital assets bill will pass in the Senate before the end of the year.

Recent enforcement actions underscore the scrutiny of crypto markets by U.S. authorities. Federal courts have handed down prison sentences to former executives of Cred LLC for wire fraud and to the co-owner of Axis Digital Limited for laundering nearly \$37 million in a global scam. The U.S. Trustee Program recently obtained a judgment to deny bankruptcy protection to a crypto Ponzi scheme operator, while the CFTC secured restitution for Voyager customers and imposed bans on its former CEO. The Office of the Attorney General (OAG) for the District of Columbia took action against Athena Bitcoin for predatory ATM practices, and a District Judge in Denver ruled against INDXcoin for defrauding investors, including targeting faith-based communities. Additional cases include a guilty plea in a \$200 million bitcoin Ponzi scheme and a prison sentence for a promoter of the Forcount fraud. Together, these cases illustrate an environment of focused enforcement and tangible consequences for misconduct in digital asset markets.

In This Issue

- [Key Developments](#)
 - [Key Enforcement Actions](#)
 - [Akin Thought Leadership](#)
-

Key Developments

SEC and CFTC Staff Issue Joint Statement on Trading of Certain Spot Crypto Asset Products

On September 2, 2025, the U.S. Securities and Exchange Commission (SEC) and the Commodity Futures Trading Commission (CFTC) jointly issued a statement clarifying that SEC and CFTC-registered exchanges are not prohibited from facilitating the trading of certain spot crypto asset products. CFTC Acting Chairman Caroline D. Pham noted, "Under the prior administration, our agencies sent mixed signals about regulation and compliance in digital asset markets, but the message was clear: innovation was not welcome. That chapter is over."

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

SEC Crypto Task Force to Host Roundtable on Financial Surveillance and Privacy

On September 8, 2025, the SEC Crypto Task Force announced it would host a public roundtable on financial surveillance and privacy on October 17, 2025, at the SEC headquarters. Following the Spring Sprint Toward Crypto Clarity series of roundtables, the President's Executive Order on Digital Assets, and the President's Working Group on Digital Assets report, SEC Commissioner Peirce directed the Crypto Task Force to "take additional steps to promote United States leadership in digital assets and financial technology while protecting economic liberty." According to the SEC, the Financial Surveillance and Privacy roundtable will "bring together panelists who are at the forefront of developing technologies designed to protect individual privacy. It will also facilitate an in-depth discussion on policy matters related to financial surveillance."

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

SEC Issues Statement Approving Generic Listing Standards for Commodity-Based ETPs

On September 17, 2025, the SEC announced that it had approved the generic listing and trading on three national securities exchanges of certain commodity-based exchange-traded products (ETPs), including ETPs holding crypto asset commodities. The streamlined listing process for ETPs will, according to the SEC, "benefit investors, issuers, other market participants, and the Commission by reducing the time and resources required to bring new ETPs to market." The SEC's approval order provides alternative rules-based eligibility criteria for the underlying holdings of commodity-based ETPs, including crypto asset-based ETPs.

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

New York DFS Issues Notice on Use of Blockchain Analytics for New York Banking Organizations

On September 17, 2025, the New York State Department of Financial Services (DFS) published an industry letter extending the application of its April 2022 Guidance on Use of Blockchain Analytics to all New York banking organizations and DFS-licensed branches and agencies of foreign banks (Covered Institutions). The industry letter suggests that Covered Institutions consider the utility

of blockchain analytics tools with respect to certain activities, such as screening wallets of customers who have disclosed or exhibited crypto-related transactions, verifying the source of incoming funds originating from virtual asset service providers (VASPs), monitoring the crypto ecosystem holistically to assess customer (e.g., VASP) exposure to money laundering, sanctions violations or other predicate crimes, and weighing the risks associated with a virtual currency product or service to be offered.

The DFS' industry letter can be found [here](#).

Treasury Solicits Public Comment on Implementation of GENIUS Act

On September 19, 2025, the U.S. Department of the Treasury issued an advance notice of proposed rulemaking (ANPRM) seeking public input on questions relating to the implementation of the Guiding and Establishing National Innovation for U.S. Stablecoins (GENIUS) Act. In particular, the Treasury is seeking public comment on potential regulations that may be promulgated by Treasury, including regulatory clarity, prohibitions on certain issuances and marketing, Bank Secrecy Act, anti-money laundering, and sanctions obligations. Comments on the ANPRM must be received on or before October 20, 2025.

The ANPRM can be found [here](#).

Statement by European Commission President on Sanctions Against Russia Includes Crypto

On September 20, 2025, European Commission President von der Leyen issued a statement on the 19th package of sanctions against Russia, noting that “for the first time, our restrictive measures will hit crypto platforms and prohibit transactions in crypto currencies. We are listing foreign banks connected to Russian alternative payment service systems. And we are restricting transactions with entities in special economic zones.”

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

U.K. and U.S. Announce Transatlantic Taskforce for Markets of the Future

On September 22, 2025, the U.S. Department of the Treasury announced that, following a joint industry roundtable with the U.K. Chancellor of the Exchequer, the U.K. and U.S. had decided to establish a Transatlantic Taskforce for Markets of the Future. The Taskforce is to report back to both finance ministries via the U.K.-U.S. Financial Regulatory Working Group with recommendations to enhance collaboration on capital markets and digital assets and other innovative financial activities. The purpose of the Taskforce includes exploring options for “short-to-medium term collaboration on digital assets while legislation and regulatory regimes are still developing, as well as options for long-term collaboration and additional opportunities for wholesale digital markets innovation.” The Transatlantic Taskforce for Markets of the Future should report within 180 days. The Taskforce is to be chaired by officials from HM Treasury and the U.S. Treasury and includes representatives from U.K. and U.S. regulators responsible for capital markets and digital assets regulation as appropriate.

The U.S. Department of the Treasury's press release can be found [here](#).

CFTC Acting Chairman Pham Launches Tokenized Collateral and Stablecoins Initiative

On September 23, 2025, CFTC Acting Chairman Caroline D. Pham announced that the CFTC plans to launch a new initiative for the use of tokenized collateral, including stablecoins, in derivative markets. This builds on the CFTC's Crypto CEO Forum held in February 2025 and forms part of the CFTC's "crypto sprint" to implement the recommendations set out in the President's Working Group on Digital Markets report. In particular, the President's Working Group report directs the CFTC to "provide guidance on the adoption of tokenized non-cash collateral as regulatory margin to implement the CFTC's GMAC DAMS recommendation." The CFTC has invited interested stakeholders to submit feedback and suggestions on the use of tokenized collateral by October 20, 2025.

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

SEC-CFTC Joint Roundtable on Regulatory Harmonization Efforts

On September 29, 2025, the SEC and the CFTC held a joint roundtable to discuss regulatory harmonization priorities. On September 5, 2025, in a joint statement announcing the roundtable, SEC Chairman Paul S. Atkins and CFTC Acting Chairman Caroline D. Pham stated, "It is a new day at the SEC and the CFTC, and today we begin a long-awaited journey to provide markets the clarity they deserve." The joint statement further added, "By working in lockstep, our two agencies can harness our nation's unique regulatory structure into a source of strength for market participants, investors, and all Americans."

At the roundtable, Atkins made remarks noting that the roundtable serves as a "turning point in the history of American financial markets. For too long, the SEC and CFTC have operated in parallel lanes, too often in conflict with one another, leaving the American public to bear the costs of duplication, delay, and uncertainty. That era is behind us. We are charting a new course, one that will solidify America's position as the world's financial leader. Today, I look forward to hearing from industry leaders on how the two agencies can better coordinate on behalf of the American public."

The joint statement can be found [here](#), further information regarding the roundtable can be found [here](#) and Atkins' remarks can be found [here](#).

Division of Investment Management Issues No-Action Letter Relating to the Custody of Crypto Assets with State Trust Companies

On September 30, 2025, SEC Commissioner Pierce commented on the issuance of a no-action letter by the Division of Investment Management, stating that it would not recommend enforcement action to the SEC against registered advisors or regulated funds for maintaining crypto assets and related cash and cash equivalents with certain state-chartered financial institutions (State Trust Companies). Commissioner Pierce noted that the no-action letter was an "encouraging development for registered advisers and regulated funds that invest or want to invest in crypto assets."

Commissioner Pierce's statement can be found [here](#).

Senate Finance Committee Holds Hearing on Examination of Taxation of Digital Assets

On October 1, 2025, the Senate Committee on Finance held a hearing on examining the taxation of digital assets, with a focus on the need for clearer rules regarding cryptocurrency transactions to address compliance challenges.

Further information can be found [here](#).

Key Enforcement Actions

Former CEO and CFO of Cryptocurrency Lender Cred LLC Sentenced to Multiple Years in Prison for Wire Fraud Conspiracy Convictions

On August 29, 2025, former Cred LLC executives Daniel Schatt and Joseph Podulka were sentenced to 52 months and 36 months in federal prison, respectively, for wire fraud conspiracy. Senior U.S. District Judge William Alsup handed down the sentences. Schatt and Podulka were indicted by a federal grand jury in May 2024 and each pleaded guilty on May 13, 2025, to one count of wire fraud conspiracy in connection with their roles in defrauding customers of Cred, a San Francisco-based firm that provided financial services to holders of cryptocurrency and other assets. According to the plea agreements, Schatt and Podulka conspired to “present an incomplete, unreasonably positive, and thus misleading portrayal of Cred’s business while failing to disclose negative material information about Cred’s business challenges and risks to Cred’s customers.” In addition to the prison term, Judge Alsup sentenced each to a three-year period of supervised release and ordered the payment of a \$25,000 fine.

The U.S. Attorney’s Office for the Northern District of California’s press release can be found [here](#).

Man Sentenced for Role in Global Digital Asset Investment Scam Conspiracy

On September 8, 2025, Shengsheng He, a former co-owner of the Bahamas-based Axis Digital Limited, was sentenced to 51 months in federal prison for his role in laundering more than \$36.9 million from victims in an international digital asset investment scam conspiracy that was carried out from scam centers in Cambodia. The court also ordered him to pay \$26,867,242.44 in restitution to victims. According to court documents, He was part of an international criminal network that induced U.S. victims to transfer funds to accounts controlled by co-conspirators, who then laundered victim money through U.S. shell companies, international bank accounts and digital asset wallets.

The U.S. Department of Justice’s (DOJ) press release can be found [here](#).

Attorney General Schwalb Sues Crypto ATM Operator for Financially Exploiting District Residents

On September 8, 2025, the Office of the Attorney General (OAG) for the District of Columbia announced that it had sued Athena Bitcoin, Inc. (Athena), one of the country's largest operators of Bitcoin Automated Teller Machines (BTMs), for charging undisclosed fees on deposits that it "knows are often the result of scams, and for failing to implement adequate anti-fraud measures." Attorney General Brian L. Schwalb stated, "Athena knows that its machines are being used primarily by scammers yet chooses to look the other way so that it can continue to pocket sizable hidden transaction fees. Today we're suing to get District residents their hard-earned money back and put a stop to this illegal, predatory conduct before it harms anyone else."

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

Debtor Who Led Crypto Investment Scheme Denied Bankruptcy Discharge

On September 10, 2025, the DOJ announced that the U.S. Trustee Program (USTP) had obtained a judgment denying a bankruptcy discharge of more than \$12.5 million to Nathan Fuller, the owner of Privy Investments LLC, a cryptocurrency investment company he used to divert investor funds. Fuller "concealed assets and lied in his bankruptcy case to evade his creditors, including investors in his cryptocurrency Ponzi scheme." As a result of the decision, Fuller remains personally liable for his debts, including more than \$12.5 million in unsecured debts listed in his bankruptcy schedules, and creditors may continue collections on claims against him.

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

CFTC Obtains Court Order to Return \$750,000 to Voyager Victims in Fraud Action

On September 15, 2025, the U.S. District Court for the Southern District of New York entered a consent order imposing permanent injunctive relief, disgorgement and equitable relief in the CFTC's suit against Stephen Ehrlich, the former CEO of now-bankrupt entities Voyager Digital Ltd., Voyager Digital Holdings Inc. and Voyager Digital LLC (collectively, Voyager). Ehrlich must pay \$750,000 in disgorgement to Voyager customers via the Voyager bankruptcy liquidation procedures. For a three-year period, the order imposes a registration ban against Ehrlich and enjoins him from managing or advising on the trading for or on behalf of any third parties. The order also permanently enjoins him from violating certain anti-fraud provisions of the Commodity Exchange Act and CFTC regulations.

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

Denver District Court Rules INDXcoin Cryptocurrency Scheme Was a Fraud

On September 16, 2025, Denver District Court Judge Heidi L. Kutcher ruled in favor of Colorado Securities Commissioner Tung Chan and found that Eligio Jr. and Kaitlyn Regalado and INDXcoin LLC committed securities fraud in violation of the Colorado Securities Act. The decision, issued on September 12, 2025, follows a three-day bench trial held in May 2025. Judge Kutcher entered a judgment of \$3,339,422.15, joint and several, against defendants Eligio Jr. and Kaitlyn Regalado, and various other defendants. In the original complaint, Commissioner Chan alleged that Eligio Regalado Jr., a pastor in Denver, and his wife Kaitlyn, created, marketed, and sold a worthless cryptocurrency known as INDXcoin. From June 2022 to April 2023, INDXcoin raised nearly \$3.4 million from more than 300 individuals. The complaint alleged that the Regalados

targeted Christian communities in Denver and made numerous misrepresentations and omissions to lure investors.

The Colorado Division of Securities press release can be found [here](#).

Praetorian Group International CEO Pleads Guilty to \$200 Million Bitcoin Ponzi Scheme

On September 17, 2025, Ramil Ventura Palafox, the CEO of Praetorian Group International (PGI), a multi-level marketing and bitcoin trading firm, pleaded guilty to wire fraud and money laundering for operating a Ponzi scheme that defrauded over 90,000 investors worldwide. According to court documents, Palafox falsely claimed that PGI was engaged in bitcoin trading and promised certain daily returns, when in reality PGI was not trading bitcoin at a scale capable of making the promised returns, and Palafox was paying investors back with their own money or with funds received from other investors. Palafox is scheduled to be sentenced in February 2026 and faces up to 40 years in prison. As part of his plea agreement, Palafox has agreed to pay restitution of \$62,692,007.

The U.S. Attorney's Office for the Eastern District of Virginia's press release can be found [here](#).

Crypto Promoter Receives Prison Sentence for \$14 Million Forcount Fraud

On September 18, 2025, U.S. District Judge Analisa Torres handed down a prison sentence in Manhattan federal court to Ramon Perez and ordered him to pay over \$2.6 million in restitution. Previously, on January 6, 2023, the U.S. Attorney's Office for the Southern District of New York announced the arrest of Perez, a promoter of the cryptocurrency Ponzi scheme known as Forcount, and charged him with one count of conspiracy to commit wire fraud, one count of wire fraud and one count of conspiracy to commit money laundering.

Further information can be found [here](#) and [here](#).

Akin Thought Leadership

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

[Recent Developments in the Law of Federal Property Fraud: It's a Long and Winding Road](#) (August 18, 2025)

[Akin Advises Karatage as Lead Investor in Mill City's \\$450 Million PIPE, to be Used to Initiate SUI Treasury Strategy](#) (August 1, 2025)

[Crypto CLARITY: The Politics, Policy and Implications of Digital Assets Regulatory Framework Legislation in the 119th Congress](#) (July 28, 2025)

[Akin Adds Evan Wolff as Co-Head of Cybersecurity, Privacy & Data Protection Practice](#) (July 10, 2025)

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