



CryptoLink - February 2026

CryptoLink is a compilation of news stories published by outside organizations. Akin aggregates the stories, but the information contained in them does not necessarily represent the beliefs or opinions of the firm. Akin's February CryptoLink update includes developments and events that occurred in February 2026.

February 2026 saw heightened federal and state enforcement across a broad range of cryptocurrency fraud schemes, with regulators imposing substantial prison terms and restitution orders. Federal authorities sentenced a Chinese national to nearly four years in prison for laundering \$36.9 million from victims of Cambodia-based investment scams, while a dual national of China and St. Kitts and Nevis received a 20-year sentence in absentia for orchestrating a \$73 million conspiracy that funneled victim funds through controlled financial accounts and converted them into virtual currency. Other high-profile cases included an eight-year sentence for the CEO of SafeMoon for defrauding decentralized finance investors and a 20-year sentence imposed on the head of Praetorian Group International for operating a \$200 million Bitcoin Ponzi scheme affecting more than 90,000 investors worldwide. At the state level, Massachusetts sued a Bitcoin kiosk operator for facilitating scams and refusing refunds, while the Texas State Securities Board halted unregistered crypto-mining investment offerings. Taken together, these actions underscore the breadth of enforcement tools regulators are deploying to combat fraud in the evolving digital asset ecosystem.

Against this backdrop, digital asset policy remained a focal point in Washington. In a March 3 Truth Social post, President Donald Trump urged Congress to advance digital assets market structure legislation, sharply criticizing banks for what he described as efforts to “threaten and undermine” the Guiding and Establishing National Innovation for US Stablecoins (GENIUS) Act—the bipartisan stablecoin framework he signed into law last year. Pointing to record bank profits, Trump warned financial institutions not to “undercut the GENIUS Act or hold the CLARITY Act hostage.”

The post appears to have followed President Trump’s meeting earlier that day with Coinbase Chief Executive Officer Brian Armstrong and echoed language Armstrong frequently uses, including the assertion that “Americans should earn more money on their money.” The exchange highlights the ongoing tension between traditional banks and the crypto industry, particularly over stablecoin yield payments. Banks have cautioned that interest-bearing stablecoins could draw deposits away from the traditional banking system and constrain lending, while crypto advocates argue that limiting stablecoin rewards effectively shields banks from competition. This

dispute has emerged as a key sticking point for the Senate Banking Committee, which has yet to release the final portion of its digital asset market structure legislation.

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Key Developments

SEC Clarifies the Application of Federal Securities Laws to Crypto Assets

On March 17, 2026, the Securities and Exchange Commission and Commodity Futures Trading Commission issued a joint interpretation regarding the application of the federal securities laws to certain types of crypto assets and transactions. The interpretation establishes a five-part taxonomy that categorizes crypto assets based on their characteristics, uses and functions, and analyzes each category under the definition of a “security.” Under this framework, four categories of crypto assets are expressly identified as **not** securities: digital commodities, digital collectibles, digital tools and stablecoins. While one category, digital securities, is treated as a security.

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

CFTC Joins SEC to Clarify the Application of Federal Securities Laws to Crypto Assets

On March 17, 2026, the Commodity Futures Trading Commission joined the Securities and Exchange Commission in issuing “an interpretation clarifying how the federal securities laws apply to certain crypto assets and transactions involving crypto assets.” The CFTC described the interpretation as “a major step in the agencies’ efforts to provide greater clarity regarding the treatment of crypto assets, and complements congressional efforts to codify a comprehensive market structure framework into statute.” The CFTC encouraged “[m]arket participants—from innovators and issuers to individual investors—to review this interpretation to better understand the regulatory jurisdiction between the SEC and the CFTC.”

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

CFTC Staff Reissues Letter 25-40 Updating Payment Stablecoin Definition

On February 6, 2026, the Commodity Futures Trading Commission's (CFTC) Market Participants Division announced that it had reissued CFTC Staff Letter 25-40 with a limited revision to the definition of "payment stablecoin." The revision specifies that a national trust bank may be a permitted issuer of a payment stablecoin for purposes of the no-action position.

The CFTC press release can be found [here](#), and Staff Letter 25-40 can be found [here](#).

Commissioner Uyeda Provides Remarks on Treasuries and Tokenization

On February 9, 2026, U.S. Securities and Exchange Commission (SEC) Commissioner Mark Uyeda delivered remarks at the Asset Management Derivatives Forum 2026, focusing on the SEC's efforts to implement the Treasury Clearing Rule and facilitate tokenization of the securities markets. Commissioner Uyeda stated that the SEC is taking a close look at tokenization, "a development that could change the way securities are issued, traded and managed" and one that "raises important questions about liquidity, collateral practices and clearing models, as well as the legal and regulatory frameworks needed to support these changes." Commissioner Uyeda further stated that (i) SEC rules should be technology-neutral and focused on outcomes rather than processes, (ii) the SEC remains committed to innovation without abandoning appropriate guardrails, including ensuring that custody, disclosure and investor protection standards are maintained when assets migrate on-chain and (iii) the SEC's responsibility is to ensure that its regulations evolve alongside technological change. He emphasized that the SEC's goal should be neither to bless every new innovation nor to resist change reflexively but instead to use its regulatory tools so that the administration of the federal securities laws can evolve to address new technologies and innovation.

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

Chairman Atkins Provides Testimony Before the US Senate Committee on Banking, Housing and Urban Affairs

February 12, 2026, SEC Chairman Paul Atkins testified before the U.S. Senate Committee on Banking, Housing and Urban Affairs, emphasizing his mandate to recommit the SEC to its "core mission of protecting investors, maintaining fair, orderly and efficient markets and facilitating capital formation." Chairman Atkins stated that as the SEC modernizes oversight for digital assets, it must also reassess whether "legacy tools for traditional markets remain appropriately aligned with regulatory need and the public interest."

Chairman Atkins noted that he had directed SEC staff to conduct a comprehensive review of the Consolidated Audit Trail (CAT). In addition, he stated that through "Project Crypto," the SEC will consider a token taxonomy to provide both investors and innovators with a clearer understanding of their regulatory obligations and will evaluate potential exemptions that would allow market participants to move and transact on-chain.

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

Chairman Selig Releases Op-Ed Stating that States are Encroaching on Prediction Markets

On February 17, 2026, CFTC Chairman Michael Selig released an op-ed announcing the CFTC's filing of a friend-of-the-court brief supporting Crypto.com in the Ninth U.S. Circuit Court of Appeals. The CFTC has historically overseen the regulation of prediction markets, or event contracts, which help market participants hedge risk, aggregate information and test hypotheses about future outcomes. Chairman Selig wrote that "states have waged legal attacks on the CFTC's authority to regulate these financial instruments" and stated that the CFTC "will no longer sit idly by while overzealous state governments undermine the agency's exclusive jurisdiction over these markets by seeking to establish statewide prohibitions on these products." He added that event contracts serve legitimate economic functions and are examined and supervised by experienced CFTC staff. Chairman Selig further stated that any "erosion of the CFTC's ability to regulate transactions in commodity derivatives is a direct threat to the markets and investors Congress intended the agency to oversee."

Chairman Selig's op-ed can be found [here](#).

Sen. Warren Presses Treasury Secretary Bessent and Federal Reserve Chair Powell to Rule Out Taxpayer-Funded Bailout for Cryptocurrency Billionaires

On February 18, 2026, Sen. Elizabeth Warren, Ranking Member of the Senate Committee on Banking, Housing and Urban Affairs, sent a letter to Treasury Secretary Scott Bessent and Federal Reserve Chair Jerome Powell requesting written confirmation that neither the Department of the Treasury nor the Federal Reserve would use taxpayer funds to bail out cryptocurrency billionaires or other highly compensated cryptocurrency investors.

In the letter, Sen. Warren urged the Treasury Department and the Federal Reserve to "refrain from propping up Bitcoin and transferring wealth from taxpayers to crypto billionaires through direct purchases, guarantees or liquidity facilities." She further stated that the "ongoing crypto asset crash underscores why Congress must bolster consumer protections for the cryptocurrency industry so crypto billionaires and other insiders cannot benefit at the expense of small traders and retirees."

The letter can be found [here](#) and further information can be found [here](#).

SEC Commissioner Peirce Calls for Feedback on Crypto-Updated Liquidity Rule

On February 19, 2026, the SEC's Division of Trading and Markets issued an FAQ addressing the treatment of payment stablecoins under the broker-dealer net capital rule (Exchange Act Rule 15c3-1). Commissioner Hester Peirce stated that the Commission will consider how Exchange Act Rule 15c3-1 could be amended to account for payment stablecoins and called for public feedback on other aspects of the SEC's rules that may need modification to address the use of payment stablecoins by SEC-registered entities.

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

Key Enforcement Actions

Chinese National Sentenced to Nearly Four Years in Federal Prison for Role in Multimillion-Dollar Cryptocurrency Scam Targeting US Victims

On January 27, 2026, the U.S. Attorney's Office for the Central District of California announced that Jingliang Su was sentenced to 46 months in federal prison for his role in laundering more than \$36.9 million from victims of a digital asset investment conspiracy operated from scam centers in Cambodia. Judge R. Gary Klausner also ordered Su to pay \$26,867,242 in restitution. In June 2025, Su pleaded guilty to one count of conspiracy to operate an illegal money transmitting business. According to court documents, Su was part of an international criminal network that induced U.S. victims to transfer funds to accounts controlled by co-conspirators, who then laundered the money through U.S. shell companies, international bank accounts and digital asset wallets. Eight co-conspirators have pleaded guilty to date.

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

Attorney General Campbell Sues Bitcoin Kiosk Operator for Facilitating Crypto Scams Against Massachusetts Consumers

On February 3, 2026, Massachusetts Attorney General Andrea Joy Campbell filed a lawsuit against cryptocurrency kiosk operator Bitcoin Depot Inc. and Bitcoin Depot Operating LLC (Bitcoin Depot) for "allegedly using misleading and deceptive sales tactics to overcharge consumers, knowingly facilitating crypto scams that robbed Massachusetts consumers of millions of dollars, refusing to issue refunds to scam victims, and deceiving investors about the level of scam activity on Bitcoin Depot kiosks." With this lawsuit, Attorney General Campbell is seeking a court order to prevent Bitcoin Depot from accepting large transactions without taking additional steps to prevent fraud in addition to refunding monies to harmed customers.

Attorney General Campbell's press release can be found [here](#).

Man Sentenced to 20 Years in Prison for Role in \$73 Million Global Cryptocurrency Investment Scam

On February 9, 2026, the U.S. Department of Justice (DOJ) announced that Daren Li was sentenced in absentia in the Central District of California to the statutory maximum of 20 years in prison and three years of supervised release for his role in an international cryptocurrency investment conspiracy carried out from scam centers in the Kingdom of Cambodia. On November 12, 2024, Li pleaded guilty to conspiring to launder funds obtained from victims through cryptocurrency scams and related fraud. He admitted that he and his co-conspirators caused at least \$73.6 million in victim funds to be directly deposited into bank accounts associated with him and his co-conspirators. Li is a fugitive after cutting off his ankle electronic monitoring device and absconding in December 2025. Li is the first defendant to be sentenced who was directly involved in the ultimate receipt of victim funds. Eight other co-conspirators have pleaded guilty.

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

CEO of Digital Asset Company SafeMoon Sentenced to 100 Months in Prison for Multimillion-Dollar Crypto-Fraud Scheme

On February 10, 2026, the U.S. Attorney's Office for the Eastern District of New York announced that Braden John Karony, the Chief Executive Officer of SafeMoon U.S. LLC (SafeMoon) (a digital asset company registered in Utah), was sentenced by United States District Judge Eric Komitee to 100 months in prison for conspiracy to commit securities fraud, wire fraud and money laundering in connection with a scheme to defraud investors in a decentralized finance digital asset called "SafeMoon." As part of the sentence, Karony was ordered to forfeit approximately \$7.5 million. Karony was convicted by a federal jury following a three-week trial in May 2025. The jury also issued a verdict to forfeit two residential properties. Restitution to the victims is yet to be determined.

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

Texas Grounds Crypto Mining Investment 'Rocket Ship'

On February 11, 2026, the Texas State Securities Board issued an Emergency Cease and Desist Order against TEXTcoin, MineTXC, Blockchain Mint and their founder Robert J. Gray for alleged violations of the Texas Securities Act related to the fraudulent offer and sale of cryptocurrency mining investments to Texas residents. The respondents allegedly offered passive cryptocurrency mining investments known as "Mining Packages" or what respondents often referred to as "seats on the rocket ship," which promised investors daily returns tied to mining operations. According to the order, the Mining Packages were offered and sold in Texas without registration and neither the sales agents, nor the respondents, were registered as securities dealers or agents as required by state law.

The Texas State Securities Board's press release can be found [here](#).

Praetorian Group International CEO Sentenced to 20 Years in Prison for \$200 Million Bitcoin Ponzi Scheme

On February 12, 2026, the U.S. Attorney's Office for the Eastern District of Virginia announced that Ramil Ventura Palafox, the Chief Executive Officer of Praetorian Group International (PGI), a multilevel marketing and bitcoin trading firm, was sentenced to 20 years in prison following his conviction on wire fraud and money laundering charges for operating a Ponzi scheme that defrauded over 90,000 investors worldwide. Palafox owned and operated PGI and served as PGI's Chairman, Chief Executive Officer and Chief Promoter. Palafox falsely claimed that PGI was engaged in bitcoin trading, and he promised daily returns of 0.5 to 3%. From December 2019 to October 2021, at least 90,000 investors worldwide invested more than \$201 million in PGI. As a result of Palafox's actions, investors suffered losses totaling over \$62 million.

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

Man Pleads Guilty to Laundering Nearly \$100 Million in Proceeds of Investment Fraud Scheme

On February 20, 2026, the U.S. Attorney's Office for the Western District of Washington announced that Geoffrey K. Auyeung pleaded guilty in the U.S. District Court in Seattle to conspiracy to commit money laundering for his scheme to take in fraud proceeds and forward them to coconspirators' bank accounts and cryptocurrency addresses. He was indicted by a grand jury in August 2024 and his sentencing in front of U.S. District Judge John C. Coughenour is

scheduled for May 12, 2026. According to the plea agreement, Auyeung set up nine different entities that he used to accept proceeds from investors who thought they were investing in the oil and gas industry. In reality, once the funds came into accounts controlled by Auyeung, the money was quickly moved into other accounts, moved offshore, or was used to purchase cryptocurrencies, including Bitcoin, Tether, USD Coin and Ethereum, via cryptocurrency exchanges. In the plea agreement, Auyeung agreed to pay \$24,707,031 in restitution. Auyeung further agreed not to contest the civil forfeiture of approximately \$7.1 million seized from various cryptocurrency wallets.

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

Akin Thought Leadership

[CFTC Issues Guidance and Advanced Notice of Proposed Rulemaking Relating to Prediction Markets](#) (March 16, 2026)

[Board Considerations for Public Companies Engaging with Digital Assets](#) (February 19, 2026)

[OFAC Settlement with Blockchain Wallet Provider Spotlights Sanctions Risks for Digital Assets Intermediaries](#) (January 21, 2026)

[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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