

Congress of the United States

Washington, DC 20515

March 21, 2025

Mark T. Uyeda
Acting Chair
U.S. Securities and Exchange Commission
100 F Street NE
Washington, D.C. 20549

Dear Acting Chair Uyeda:

On February 27, 2025, the U.S. Securities and Exchange Commission's (SEC) Division of Corporate Finance (Division) released a Staff Statement asserting that "persons who participate in the offer and sale of meme coins" are not subject to federal securities laws.¹ The Staff Statement comes just weeks after President Trump and First Lady Melania Trump launched their own meme coins, \$TRUMP and \$MELANIA, and conveniently presents a legal interpretation that could shield the President and First Lady's coins from regulatory scrutiny.² It is essential that the Commission issue policy proposals designed to benefit the American public—not the President's bottom line. Therefore, we write to request information regarding the Division's decision to release its Staff Statement and its implications for consumer protection in the cryptocurrency industry.

Meme coins are cryptocurrencies inspired by internet memes and viral trends, which often gain traction through social media engagement.³ Notable meme coins include Dogecoin, Shiba Inu, and Pepe, each with a market cap exceeding \$2.5 billion.⁴ Due to their speculative nature, meme coins present distinct threats to consumers: unpredictable volatility and blatant price manipulation. Meme coin markets are inherently volatile, and early meme coin trading is propelled by highly capitalized players who can directly induce artificial price inflation through their vast financial resources.⁵ When price corrections inevitably occur, retail investors entering at peak market prices disproportionately incur losses.⁶ Furthermore, market manipulation tactics are prevalent among meme coins. "Pump-and-dump" schemes, for instance, account for 40% of meme coin sales: specifically, sellers artificially inflate coins' prices only to sell their holdings at the peak, plummeting the coin's value for all other buyers.⁷ Another 30% of meme coin sales are

¹ U.S. Securities and Exchange Commission, Division of Corporate Finance, "Staff Statement on Meme Coins," statement, February 27, 2025, <https://www.sec.gov/newsroom/speeches-statements/staff-statement-meme-coins>.

² The Official Trump Meme, "Trump Meme," <https://gettrumpmemes.com/>; Melania Meme, "Melania Official Meme," <https://melaniameme.com/>.

³ TokenTax, "Top Meme Coins by Market Cap in 2025," Zac McClure, February 19, 2025, <https://tokentax.co/blog/meme-coins>

⁴ *Id.*

⁵ Marquette University, "Risks of Investing in Meme Coins: A Case Study of the \$TRUMP Coin," David Krause, February 5, 2025, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=5126056

⁶ *Id.*

⁷ BDC Consulting, "Memecoins 2024: Market, Trends and Opportunities," Marat Gizatullin, Ksenia Alikova, May 1, 2024, <https://bdc.consulting/insights/MarketResearch/memecoins>

“rug-pull” scams, a scheme in which a coin's developers abandon the token after taking all users' investment funds.⁸ Consumers lost \$500 million to this type of scheme in 2024.⁹

Despite the clear threat that meme coins pose to investors, the Division's recent Staff Statement asserts that “neither meme coin purchasers nor holders are protected by the federal securities laws.”¹⁰ Specifically, the statement says that “meme coins...do not involve the offer and sale of securities” and determines that “persons who participate in the offer and sale of meme coins do not need to register their transactions with the Commission under the Securities Act of 1933.”¹¹ The statement argues that meme coins are not “securities” because they do not “generate a yield or convey rights to future income, profits, or assets of a business.”¹² It also states that meme coins are not “investment contracts” because meme coins derive value from “speculative trading and the collective sentiment of the market” as opposed to the “entrepreneurial and managerial efforts of others.”¹³

While the cryptocurrency industry praised the statement for providing “clarity,” others have described the value of the statement as advancing an “incomplete, unsupported view of the law to suggest that an entire product category is outside the bounds of SEC jurisdiction.”¹⁴ According to SEC Commissioner Caroline Crenshaw, while *some* meme coins may not qualify as securities, “among the hundreds of self-proclaimed meme coins on the market,” many will. The guidance, she argues, “is not a reasoned interpretation of existing law” and “raises more questions than it answers.” Its value is “questionable, except perhaps as a roadmap for crypto enterprises looking to evade oversight by labeling themselves as a meme coin.”¹⁵ The Staff Statement is, notably, just one of many recent SEC actions aiming to arbitrarily deregulate the cryptocurrency industry. In just the past two months, for example, the SEC has dropped ten major lawsuits and investigations against cryptocurrency platforms such as Coinbase, Binance, and Kraken.¹⁶

Furthermore, the Division of Corporate Finance released this Staff Statement just weeks after President Trump and the First Lady released their own meme coins, \$TRUMP and \$MELANIA, ahead of President Trump's inauguration. By the afternoon of January 20th, the coins were reportedly worth a combined \$9.5 billion and attracted large numbers of first-time crypto investors.¹⁷ At the time of its launch, Trump Organization affiliates CIC Digital and Fight Fight

⁸ *Id.*

⁹ Business Insider, “Crypto Investors Lost Over \$500M in Memecoin Rug Pulls and Scams in 2024,” February 11, 2025, <https://markets.businessinsider.com/news/currencies/crypto-investors-lost-over-usd500m-in-memecoin-rug-pulls-and-scams-in-2024-1034340480>.

¹⁰ U.S. Securities and Exchange Commission, Division of Corporate Finance, “Staff Statement on Meme Coins,” statement, February 27, 2025, <https://www.sec.gov/newsroom/speeches-statements/staff-statement-meme-coins>.

¹¹ *Id.*

¹² *Id.*

¹³ *Id.*

¹⁴ U.S. Securities and Exchange Commission, Commissioner Caroline A. Crenshaw, “Response to Staff Statement on Meme Coins: What Does it Meme?,” statement, February 27, 2025, https://www.sec.gov/newsroom/speeches-statements/crenshaw-response-staff-statement-meme-coins-022725#_ftn10.

¹⁵ *Id.*

¹⁶ CCN, “SEC Crypto Reversals: Every Case It Dropped in 2025 and the Legal Battles Still Ahead,” Prashant Jha, March 4, 2025, <https://www.ccn.com/news/crypto/sec-crypto-reversals-2025-lawsuits/>.

¹⁷ CBS News, “Donald and Melania Trump debuted memo coins, \$Trump and \$Melania. Here's what to know.” Aimee Picchi, January 20, 2025, <https://www.cbsnews.com/news/donald-trump-melania-meme-coin->

Fight LLC owned 80 percent of the \$TRUMP coin supply.¹⁸ Though the \$TRUMP coin lost roughly two-thirds of its value within a few weeks of launch, President Trump's companies earned nearly \$100 million in fees; small retail investors, meanwhile, lost money.¹⁹ The absence of oversight leads to further concerns regarding President Trump's and First Lady Melania's meme coins, \$TRUMP and \$MELANIA. While the coins had massively enriched President Trump and his associated business entities, the collapse in value has since devastated thousands of Americans. These damages have yet to deter the President from promoting cryptocurrencies and meme coins, having just signed an executive order on March 6th to create a strategic bitcoin reserve.²⁰

It is essential that the SEC operate in the best interests of everyday investors, not wealthy individuals—including the President—who seek to profit at their expense. To help us better understand the Division of Corporate Finance's recent decision to release its Staff Statement, we request answers to the following questions by March 28, 2025:

1. Please provide a copy of all communications between the White House, including communications with members of the President's Working Group on Digital Asset Markets, and the SEC regarding the Division of Corporate Finance's Staff Statement on Meme Coins.
2. Has the SEC, including but not limited to the Division of Corporate Finance, taken directives from the President's Working Group on Digital Asset Markets? If so, what directives?
3. The Staff Statement "represents the views of the staff of the Division of Corporate Finance" and is not an official "rule, regulation, guidance or statement of the U.S. Securities and Exchange Commission." Why did the Division of Corporate Finance choose to release this staff statement in lieu of a more robust rule, regulation, guidance, or statement?
4. The Staff Statement describes meme coins as "a type of crypto asset inspired by internet memes, characters, current events, or trends for which the promoter seeks to attract an enthusiastic online community to purchase the meme coin and engage in its trading." It states that meme coins "typically are purchased for entertainment, social interaction, and cultural purposes, and their value is driven primarily by market demand and speculation,"

[cryptocurrency-what-to-know/](#); Business Insider, "A few whales and a bunch of new retail traders: What to know about who's buying \$Trump coin," Matthew Fox, January 23, 2025, <https://markets.businessinsider.com/news/currencies/who-owns-trump-coin-whales-retail-investors-buy-meme-token-2025-1>

¹⁸ Wired, "The Trump Memecoin's 'Money-Grab' Economics," Joel Khalili, January 20, 2025, <https://www.wired.com/story/the-trump-memecoins-money-grab-economics/>.

¹⁹ Reuters, "Exclusive: Trump's meme coin made nearly \$100 million in trading fees, as small traders lost money," Tom Wilson and Michelle Conlin, February 3, 2025, <https://www.reuters.com/markets/currencies/trumps-meme-coin-made-nearly-100-million-trading-fees-small-traders-lost-money-2025-02-03/>.

²⁰ Reuters, "Trump signs order to establish strategic bitcoin reserve," Nandita Bose, Jasper Ward, March 7, 2025, <https://www.reuters.com/technology/trump-signs-order-establish-strategic-bitcoin-reserve-white-house-crypto-czar-2025-03-07/>

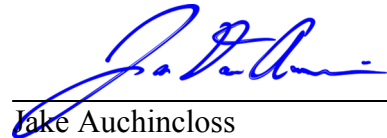
“akin to collectives.” Meme coins also “typically have limited or no use or functionality” and “tend to experience significant market price volatility, and often are accompanied by statements regarding their risks and lack of utility.” The statement acknowledges, however, that meme coins “may have unique features” and notes that the statement “does not extend to the offer and sale of meme coins that are inconsistent with the descriptions set forth above.”²¹

- a. What explicit distinctions or definitions will the SEC use to differentiate meme coins from general cryptocurrency?
- b. What explicit distinctions or definitions does the Division of Corporate Finance believe differentiate *bona fide* meme coins from meme coins “inconsistent” with the Staff Statement?
- c. Please provide a list of the meme coins Division of Corporate Finance staff reviewed and analyzed in drafting the Staff Statement.
- d. Does the Division of Corporate Finance believe that the \$TRUMP and \$MELANIA coins qualify as meme coins under the Staff Statement?

Sincerely,



Elizabeth Warren
Ranking Member
Committee on Banking,
Housing, and Urban Affairs



Jake Auchincloss
Member of Congress

²¹ Securities and Exchange Commission, Division of Corporate Finance, “Staff Statement on Meme Coins,” February 27, 2025, <https://www.sec.gov/newsroom/speeches-statements/staff-statement-meme-coins>.