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United States Senate

COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

April 2, 2025

The Honorable Deborah Jeffrey
Inspector General
Office of Inspector General
U.S. Securities and Exchange Commission
100 F ST NE
Washington, DC 20549

Dear Inspector General Jeffrey:

I write to ask the U.S. Securities and Exchange Commission's Office of Inspector General (SEC OIG) to determine whether any White House officials or other affiliates of President Trump, his family, or his business partners have had undue influence over recent SEC decisions on crypto-related policies, enforcement actions, and regulations and, if so, whether those individuals have made or stand to profit off those decisions.

On March 6, 2025, I wrote to Mr. David Sacks, President Trump's "Crypto Czar," outlining my concerns about the Trump Administration's efforts to selectively pump the value of certain crypto assets, drop crypto asset-related enforcement actions, and deregulate the crypto asset industry.¹ I also wrote to Mr. Mark Uyeda, Acting Chair of the SEC, on March 21 requesting information about the SEC's Staff Statement on meme coins, which presented a legal interpretation that could shield the President and First Lady's coins, \$TRUMP and \$MELANIA, from regulatory scrutiny.² Mr. Sacks failed to respond, and Acting Chair Uyeda failed to fully address our concerns, leaving a series of open questions about how the Trump administration has developed its crypto policies. This includes dropping or pausing multiple enforcement actions against crypto companies founded by President Trump's donors and business partners, including lawsuits against Binance, Coinbase, Kraken, Ripple, Robinhood, Gemini, Yuga Labs, Consensus, Justin Sun and his companies (including TRON), OpenSea, and Uniswap.³

¹ Letter from Senator Elizabeth Warren to Mr. David Sacks, March 6, 2025, https://www.banking.senate.gov/imo/media/doc/letter_to_david_sacks.pdf.

² Letter from Senator Elizabeth Warren to Acting SEC Chair Mark Uyeda, March 21, 2025, <https://www.banking.senate.gov/imo/media/doc/secmemecoin.pdf>.

³ 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/>.

First, on February 12, the SEC and Binance jointly requested a 60-day stay of proceedings⁴ in the SEC’s civil case against the digital assets platform and its founder Changpeng Zhao.⁵ Binance and Mr. Zhao previously pleaded guilty to criminal charges with the U.S. Department of Justice and face \$4 billion in fines.⁶ On March 13, it was reported that representatives of President Trump’s family were in talks to acquire a financial stake in Binance, “a move that would put Trump in business with the firm that pleaded guilty in 2023 to violating anti-money-laundering requirements” and whose founder spent four months in prison after pleading guilty to a related charge.⁷

On February 21, the SEC dismissed a civil enforcement action against Coinbase.⁸ The lawsuit, initiated in June 2023, alleged that Coinbase “made billions of dollars unlawfully facilitating the buying and selling of crypto asset securities” and “deprived investors of significant protections.”⁹ Coinbase CEO Brian Armstrong later attended the White House’s digital assets summit on March 7.¹⁰

On February 26, the SEC filed a motion to pause its case against Justin Sun, founder of Tron and an official adviser to the Trump family-affiliated World Liberty Financial cryptocurrency project.¹¹ The lawsuit, filed in March 2023, accused Mr. Sun of illegally inflating the value of TRX, Tron’s cryptocurrency token, through a fraudulent trading scheme, among other charges.¹² The SEC’s request to pause the lawsuit follows Mr. Sun’s \$75 million investment in World Liberty tokens, which “could set the Trump family up to eventually collect tens of millions of dollars, as the family is entitled to 75% of the tokens’ revenues.”¹³

⁴ Bloomberg, “SEC, Binance Request 60-Day Pause of Lawsuit Against Exchange,” Emily Nicolle, February 11, 2025, <https://www.bloomberg.com/news/articles/2025-02-11/sec-binance-request-60-day-pause-of-lawsuit-against-exchange>.

⁵ Securities and Exchange Commission, “SEC Files 13 Charges Against Binance Entities and Founder Changpeng Zhao,” press release, June 5, 2023, <https://www.sec.gov/newsroom/press-releases/2023-101>.

⁶ U.S. Attorney's Office, Western District of Washington, “Binance and CEO Plead Guilty to Federal Charges in \$4B Resolution,” press release, November 21, 2023, <https://www.justice.gov/usao-wdwa/pr/binance-and-ceo-plead-guilty-federal-charges-4b-resolution>.

⁷ Wall Street Journal, “Trump Family Has Held Deal Talks With Binance Following Crypto Exchange’s Guilty Plea,” Rebecca Ballhaus, Patricia Kowsmann, Angus Berwick, Josh Dawsey, Caitlin Ostroff, March 13, 2025, <https://www.wsj.com/finance/currencies/trump-family-has-held-deal-talks-with-binance-following-crypto-exchanges-guilty-plea-05b029fa>.

⁸ U.S. Securities and Exchange Commission, “SEC Announces Dismissal of Civil Enforcement Action Against Coinbase,” Press Release, February 27, 2025, <https://www.sec.gov/newsroom/press-releases/2025-47>.

⁹ U.S. Securities and Exchange Commission, “SEC Charges Coinbase for Operating as an Unregistered Securities Exchange, Broker, and Clearing Agency,” Press Release, June 6, 2023, <https://www.sec.gov/newsroom/press-releases/2023-102>.

¹⁰ Reuters, “Crypto leaders meet at Trump's summit with strategic reserve in focus,” Nandita Bose, Suzanne McGee, and Michelle Conlin, March 7, 2025, <https://www.reuters.com/technology/crypto-leaders-meet-trumps-summit-strategic-reserve-focus-2025-03-07/>.

¹¹ Reuters, “US SEC, Tron founder Justin Sun explore resolution of civil fraud case,” Jonathan Stempel, February 26, 2025, <https://www.reuters.com/legal/us-sec-tron-founder-justin-sun-explore-resolution-civil-fraud-case-2025-02-26/>; CNN, “A crypto mogul who invested millions into Trump coins is getting a reprieve on civil fraud charges,” Allison Morrow, February 28, 2025, <https://www.cnn.com/2025/02/28/business/crypto-mogul-trump-coins-civil-fraud-charges/index.html>.

¹² Reuters, “US SEC, Tron founder Justin Sun explore resolution of civil fraud case,” Jonathan Stempel, February 26, 2025, <https://www.reuters.com/legal/us-sec-tron-founder-justin-sun-explore-resolution-civil-fraud-case-2025-02-26/>.

Most recently, the SEC has reportedly dropped its case—initiated during the first Trump Administration in 2020—against Ripple Labs for selling unregistered securities in violation of federal securities laws.¹⁴ The SEC’s reported withdrawal “prevents Ripple from potentially facing a \$125 million fine – and comes less than two weeks after [Ripple CEO Brad] Garlinghouse was at the White House for President Donald Trump’s crypto summit” and after the company donated \$5 million to the President’s inaugural committee.¹⁵

Paul Atkins, President Trump’s nominee for SEC chair, holds millions in crypto-related investments, raising potential conflict of interest concerns.¹⁶ His portfolio includes up to \$1 million in equity in Securitize and Anchorage Digital¹⁷ – companies connected to crypto firms that have recently benefitted from SEC enforcement decisions. Securitize lists Coinbase and Ripple as investors,¹⁸ while Anchorage Digital supports crypto tokens issued by Immutable, Uniswap, Binance, and Ripple.¹⁹ The SEC has dropped its investigations into Immutable and Uniswap.²⁰ Mr. Atkins’ “other crypto holdings come in the form of a stake, worth between \$1 and \$5 million, in the investment firm Off the Chain Capital, where [he] is a limited partner.”²¹ While he has committed to divesting his assets if confirmed, questions remain about whether his investments have ties to cases recently dismissed or paused by the SEC. The Senate Committee on Banking, Housing, and Urban Affairs is scheduled to vote on his nomination today.

In addition to dropping almost all ongoing lawsuits against crypto companies, the SEC has also taken steps to proactively alert crypto companies that they will not be expected to comply with the SEC’s rules. On February 27, the SEC’s Division of Corporate Finance released a Staff Statement asserting that most meme coins are not securities and, thus, are not subject to federal securities safeguards.²² Weeks later, the SEC closed its investigation into the "Hawk Tuah" meme coin launched by celebrity promoter Haliey Welch in December 2024.²³ Meme coins are known

¹³ CNN, “A crypto mogul who invested millions into Trump coins is getting a reprieve on civil fraud charges,” Allison Morrow, February 28, 2025, <https://www.cnn.com/2025/02/28/business/crypto-mogul-trump-coins-civil-fraud-charges/index.html>.

¹⁴ ABC News, “SEC drops case against crypto firm with ties to Trump, CEO says,” Olivia Rubin and Peter Charalambous, March 19, 2025, <https://abcnews.go.com/US/sec-drops-case-crypto-firm-ties-trump-ceo/story?id=119963257>.

¹⁵ *Id.*

¹⁶ Fortune Crypto, “Incoming SEC chair Paul Atkins owns up to \$6 million in crypto-related assets—though no Bitcoin,” Ben Weiss, March 25, 2025, <https://fortune.com/crypto/2025/03/25/paul-atkins-sec-nominee-securitize-anchorage-off-the-chain-capital-6-million-ethics-disclosure/>.

¹⁷ *Id.*

¹⁸ Securitize, “Our Story,” <https://securitize.io/about-us/our-story>.

¹⁹ Anchorage Digital, “Supported Assets,” <https://www.anchorage.com/assets-supported>.

²⁰ CoinDesk, “SEC Drops Investigation into Web3 Gaming Firm Immutable,” Cheyenne Ligon, March 25, 2025, <https://www.coindesk.com/policy/2025/03/25/sec-drops-investigation-into-web3-gaming-firm-immutable>; Wall Street Journal, “SEC Drops Investigation Into DeFi Firm Uniswap Labs,” Vicky Ge Huang, February 25, 2025, <https://www.wsj.com/livecoverage/stock-market-today-dow-sp500-nasdaq-02-25-2025/card/sec-drops-investigation-into-defi-firm-uniswap-labs-mbYCwx3CXwfPt8Juv3vD>.

²¹ Fortune Crypto, “Incoming SEC chair Paul Atkins owns up to \$6 million in crypto-related assets—though no Bitcoin,” Ben Weiss, March 25, 2025, <https://fortune.com/crypto/2025/03/25/paul-atkins-sec-nominee-securitize-anchorage-off-the-chain-capital-6-million-ethics-disclosure/>.

²² U.S. Securities and Exchange Commission, “Staff Statement on Meme Coins,” press release, February 27, 2025, <https://www.sec.gov/newsroom/speeches-statements/staff-statement-meme-coins>.

²³ Law 360, “SEC Closed Inquiry Into Hawk Meme Coin, Promoter Says,” Aislinn Keeley, March 31, 2025, <https://www.law360.com/articles/2317949/sec-closed-inquiry-into-hawk-meme-coin-promoter-says>.

for their high volatility and scams including “rug pulls,” where a coin is “launched and quickly abandoned, leaving investors with steep losses.”²⁴ The Hawk Tuah coin was launched on December 4th at 10 p.m., collected \$490 million in investments, and then cratered in value by 91% less than three hours later.²⁵ Despite these schemes’ clear harm to consumers, the SEC statement is designed to “shield companies and individuals that create meme coins from potential litigation,”²⁶ including President Trump and First Lady Melania Trump.

President Trump, his closest advisors, and his family members all stand to benefit from boosts in the crypto industry. Last week, the Wall Street Journal reported that the Trump family added another crypto interest to its portfolio, with “the family’s World Liberty Financial ... launching a stablecoin, its latest bid to capitalize on a crypto-market revival kindled by the president’s election. ... The token will be issued on the Ethereum network and a blockchain created by Binance, the crypto exchange that has sought to forge closer ties to the president’s family.”²⁷

The SEC OIG plays a central role in ensuring the “integrity, efficiency, and effectiveness of the critical programs and operations” of the agency, overseeing the SEC’s compliance with federal laws and agency policies, including conducting “investigations of potential criminal, civil, and administrative violations that undermine the ability of the SEC to accomplish its statutory mission.”²⁸ The SEC OIG is also responsible for keeping “Congress [...] fully and currently informed of significant issues and developments.”²⁹ Therefore, I ask that you conduct a review of the Commission’s crypto-related actions since January 20, 2025, to determine whether these actions complied with all relevant federal ethics laws and SEC policies and procedures. Specifically, I ask that your investigation address the questions below.

1. Government employees who own crypto have historically been disallowed from participating in crypto-related work, including enforcement actions and policy proposals. Should the SEC maintain that policy?
2. Did any SEC staff communicate with any White House personnel or individuals affiliated with the Trump family about the SEC’s Staff Statement on Meme Coins prior to the SEC’s publication of the Staff Statement? Please list the dates of those communications and the individuals involved.

²⁴ The Wall Street Journal, “Crypto Thought Trump Would Bring It Legitimacy. Then He Launched a Meme Coin.,” Vicky Ge Huan and Caitlin Ostroff, January 21, 2025, https://www.wsj.com/finance/currencies/trump-meme-coin-cryptocurrency-eda5d5d9?mod=livecoverage_web.

²⁵ Cointelegraph, “Hawk Tuah memecoin dumps 90% amid backlash over controversial launch,” Tom Mitchelhill, December 5, 2024, <https://cointelegraph.com/news/hawk-tuah-memecoin-dumps-90-percent-outrage-token-launch-insider>.

²⁶ The Verge, “Meme coins aren’t subject to securities regulations, says SEC,” Jess Weatherbed, February 28, 2025, <https://www.theverge.com/news/621454/sec-meme-coin-securities-collectibles-guidance>.

²⁷ Wall Street Journal, “Trump Family Venture Plunges Deeper Into Crypto With New ‘Stablecoin’,” Vicky Ge Huang, March 25, 2025, https://www.wsj.com/finance/currencies/trump-backed-world-liberty-financial-unveils-plans-for-new-stablecoin-86b596b4?mod=hp_lead_pos3.

²⁸ Office of the Inspector General, U.S. Securities and Exchange Commission, Consumer Financial Protection Bureau, “About the Office of the Inspector General,” <https://www.sec.gov/office-inspector-general/about-office-inspector-general>.

²⁹ *Id.*

3. What specific plans are in place at the SEC to ensure that individuals developing crypto policy in the Administration are in compliance with all federal conflict of interest laws, regulations, and rules, as well as SEC policies and procedures? Have all laws, regulations, rules, policies, and procedures been followed in the SEC's decisions surrounding crypto-related policy, enforcement, and supervision?
4. What communications, if any, have SEC officials developing crypto policy or making decisions regarding the SEC's crypto enforcement and supervisory activities had with the Office of Government Ethics (OGE) or the SEC's Designated Agency Ethics Official (DAEO) regarding compliance with federal ethics laws, regulations, rules, policies, and procedures? Please provide any written communications between relevant SEC officials, OGE, and the SEC DAEO.
5. Have any SEC officials developing crypto policy or involved in decisions regarding the SEC's crypto enforcement and supervisory activities communicated with the President's Working Group on Digital Asset Markets, or any individual serving on the working group? If so, please list the dates of those communications and the topics discussed. Please also provide any written communications.
6. Have any SEC staff or Commissioners communicated about the agency's work with SEC Chair-nominee Paul Atkins in the months after President Trump named him to lead the agency on December 4, 2024?³⁰ If so, please list the dates of those communications and the topics discussed. Please also provide any written communications.
7. Who had advance knowledge of the SEC's decision to pause its civil case against Binance and its founder Changpeng Zhao? Of those individuals:
 - a. How many were federal employees subject to federal conflict of interest laws?
 - b. How many were private citizens? Of these individuals, what are their relationships to the President? To Binance?
8. Who had advance knowledge of the SEC's decision to dismiss its civil enforcement action against Coinbase? Of those individuals:
 - a. How many were federal employees subject to federal conflict of interest laws?
 - b. How many were private citizens? Of these individuals, what are their relationships to the President? To Coinbase?
9. Who had advance knowledge of the SEC's decision to request a pause in its case against Justin Sun? Of those individuals:
 - a. How many were federal employees subject to federal conflict of interest laws?
 - b. How many were private citizens? Of these individuals, what are their relationships to the President? To Mr. Sun and his company, Tron?
10. Who had advance knowledge of the SEC's decision to dismiss its case against Ripple Labs? Of those individuals:

³⁰NPR, "Trump picks crypto backer Paul Atkins as new Securities and Exchange Commission chair," Rafael Nam, December 4, 2024, <https://www.npr.org/2024/12/04/g-s1-36803/trump-crypto-paul-atkins-sec-chair>.

- a. How many were federal employees subject to federal conflict of interest laws?
 - b. How many were private citizens? Of these individuals, what are their relationships to the President? To Ripple Labs and its CEO Brad Garlinghouse?
11. Who had advance knowledge of the SEC's Staff Statement on Meme Coins? Of those individuals:
- a. How many were federal employees subject to federal conflict of interest laws?
 - b. How many were private citizens? Of these individuals, what are their relationships to the President?

Sincerely,



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