



CRYPTO B R I E F



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Lowenstein Crypto advises leading digital asset and cryptocurrency projects, exchanges, and trading firms. Our practice covers regulatory advice, transactions and structuring advice, investigations, and adversarial matters including commercial disputes, bankruptcy, and related litigation. As these markets continue their rapid growth and market participants continue to evolve and mature their businesses, we are providing this weekly digest as a resource that highlights and summarizes a selection of key recent legal regulatory developments.

Circle Releases White Paper on Its New Stablecoin Payments Network

This week, Circle released a white paper on the new stablecoin payments network, called Circle Payments Network (CPN), that it is launching. Circle is launching CPN to overcome payment infrastructure barriers that have limited the adoption of stablecoins as a mainstream payment form. CPN, among various things, will address stablecoin onboarding challenges, compliance, technical complexities, and security concerns that are unique to digital cash. The white paper on CPN addresses CPN's various use cases, such as end-to-end cross-border payment settlement and business payments, and CPN's key stakeholders, CPN's governance, CPN's core services, and CPN's economic model. *See Circle's white paper [here](#).*

Oregon Attorney General Sues Coinbase for Promoting and Selling High-Risk Investments

On April 18, Oregon's Attorney General, Dan Rayfield, filed a lawsuit against Coinbase for alleged violations of Oregon securities laws. According to the complaint, Coinbase participated and assisted in the sale of unregistered cryptocurrencies to residents of Oregon. The lawsuit comes after the Securities and Exchange Commission's (SEC) withdrawal from its action against Coinbase and is prompted by Rayfield's intention of "protecting Oregon's investors so they're not taken advantage of." Notably, many of the claims brought by Oregon's Attorney General are substantially similar to the claims withdrawn by the SEC. *See a copy of the press release [here](#).*

Bill Introduced To Eliminate Tax Benefits for Puerto Rican Residents

On April 21, Rep. Nydia Velázquez (D-N.Y.) introduced a bill that seeks to amend the Internal Revenue Code of 1986 by modifying the application of the sourcing rules for digital asset income of Puerto Rican residents. The bill is titled the "Fair Taxation of Digital Assets in Puerto Rico Act of 2025" and proposes to exclude income derived in connection with digital asset mining, staking, sales, and similar other activities from income derived from Puerto Rican sources. Under current law, U.S. citizens who spend at least 183 days a year in Puerto Rico may treat digital asset-related income as sourced from Puerto Rico and therefore exempt from federal capital gains taxes. According to a press release in connection with the introduction of the bill, more than \$10 billion in income is being shielded from federal taxes each year under current rules. *See a copy of the bill [here](#) and the related press release [here](#).*

CFTC Staff Seek Public Comment Regarding Perpetual Contracts in Derivative Markets and 24/7 Trading and Clearing

On April 21, the Commodity Futures Trading Commission (CFTC) Divisions of Market Oversight, Clearing and Risk, and Market Participants issued a request for comment to the public to gain better insight on perpetual futures and other perpetual derivative contracts. Perpetual derivatives differ from traditional derivatives because the price relationship of perpetual derivatives is monitored and settled on an ongoing basis, rather than at or around the expiration as it is for typical derivative contracts. As such, the CFTC is seeking to discern from the public a working definition of “perpetual derivatives,” and the risks, benefits, and use cases for perpetual derivatives. *Comments from the public can be submitted [here](#) and are accepted until May 21. See the CFTC’s press release and request for comment [here](#).*

In addition, the CFTC released a second request for comment soliciting the public’s feedback on potential uses, risks, and benefits of the 24/7 trading of derivative contract markets and swap execution facilities. The CFTC also wants to hear the public’s view on 24/7 clearing services offered by derivatives clearing organizations and futures commission merchants. In releasing this request for comment, the CFTC is specifically concerned with how these trading and clearing entities can ensure the compliance, reliability, and integrity of their systems without scheduled downtime. *See the CFTC’s press release and request for comment [here](#).*

SEC Charges Crypto Asset Trading Firm for Orchestrating a \$198M Fraudulent Scheme

On April 22, the SEC filed a lawsuit against Ramil Palafox, PGI Global, and others for raising approximately \$198 million from investors and misappropriating more than \$57 million of investor funds. The SEC’s complaint alleges violations of anti-fraud and registration provisions of federal securities laws stemming from Palafox’s offer and sale of PGI Global “membership packages” that guaranteed high returns derived from the company’s trading activities as well as the provision of incentives for members to recruit new investors. However, as alleged, Palafox misappropriated more than \$57 million in investor funds to purchase luxury goods (e.g., a Lamborghini) and for other personal expenses and also used investor funds to pay the supposed returns to investors. The SEC filed its complaint in the U.S. District Court for the Eastern District of Virginia. A parallel action was arraigned on criminal charges. *See the SEC’s press release [here](#).*

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