



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.

SEC Clarifies Liquid Staking Does Not Constitute a Securities Offering Under Federal Law

On August 5, the Securities and Exchange Commission's (SEC) Division of Corporation Finance (Division) issued a statement clarifying that liquid staking activities do not involve the offer and sale of securities within the meaning of the Securities Act of 1933, as amended, primarily because of the absence of "entrepreneurial or managerial efforts" to depositors of crypto assets for which liquid staking services are provided. Notably, in connection with liquid staking activities, the issuance of staking receipt tokens also does not involve the offer and sale of securities, because such parties involved in minting, issuing, and redeeming staking receipt tokens do not use "entrepreneurial or managerial efforts" and any value that is derived from the underlying crypto assets for which the staking receipt tokens can be redeemed. The statement specifically covers and pertains to liquid staking activities that involve owners of covered crypto assets, referenced in the Division's May 29, 2025, guidance, that deposit their crypto assets with a third-party staking service provider and in return receive a newly minted staking receipt token that evidences the depositor's ownership of the deposited crypto assets and accrued rewards. *See the Division's official statement [here](#) for additional details and guidance.*

Acting Chair Pham Announces CFTC Crypto Sprint

On August 1, the Commodity Futures Trading Commission (CFTC) announced the launch of a crypto sprint to begin implementing recommendations from President Donald Trump's Working Group on Digital Assets market report. Acting Chair Caroline D. Pham emphasized the agency's commitment to advancing regulatory clarity and innovation in support of President Trump's vision to position the U.S. as a global leader in crypto. In coordination with SEC leadership, the initiative, part of Project Crypto, builds on recent CFTC actions including hosting the Crypto CEO Forum, updating guidance, and exploring a digital asset markets pilot program. The CFTC also concluded a public comment period on 24/7 trading and perpetual derivatives, both of which are live on designated contract markets (DCM). *See the CFTC's press release [here](#).*

CFTC Launches Initiative for Spot Crypto Trading on Regulated Exchanges

On August 4, the CFTC announced a new initiative to enable the trading of spot crypto asset contracts on CFTC-registered DCMs. This marks the first step in the agency's broader "crypto sprint," described above. In regard to this initiative, Acting Chair Pham emphasized that the CFTC is leveraging its existing authority under the Commodity Exchange Act to provide regulatory clarity and support the growth of digital asset markets. The initiative invites public input on listing requirements,

legal considerations under both CFTC and SEC frameworks, and potential regulatory overlaps. Comments can be submitted via the CFTC's website through August 18, with all feedback to be published publicly. *See the CFTC's press release [here](#).*

SEC's Crypto Task Force Launches Nationwide Roundtables for Broader Stakeholder Engagement

On August 1, the SEC announced that its Crypto Task Force, led by Commissioner Hester Peirce, will host a series of roundtables across the U.S. to engage with stakeholders who may have been unable to attend prior discussions in Washington, D.C. Aimed at ensuring a more inclusive regulatory process, the initiative seeks input particularly from small, early-stage crypto projects with 10 or fewer employees and that have been in operation for less than two years. Interested parties are invited to submit meeting requests via email, and a list of participating projects will be made public to maintain transparency. The sessions are scheduled from August through December in cities including Berkeley, California; Boston; Dallas; Chicago; and New York. *See the SEC's press release [here](#).*

SEC Cease-and-Desist Order Against Huynh Tran Quang Duy for MyConstant Fraud

The SEC issued a cease-and-desist order on August 5 against Huynh Tran Quang Duy, the founder and sole owner of the online lending platform MyConstant, for making material misrepresentations to investors and misappropriating their funds. According to the order, from September 2020 to November 2022, Huynh falsely promoted MyConstant's loan-matching service as a low-risk crypto-backed investment, raising over \$20 million from more than 4,000 investors. Contrary to his claims, Huynh allegedly misused over \$415,000 for personal expenses and invested at least \$11.9 million of investor funds in the crypto asset TerraUSD, which suffered significant losses. MyConstant ceased operations in November 2022, returning only a fraction of investors' funds. The SEC's order imposes monetary penalties and disgorgement and bars Huynh from serving as an officer or director of any securities issuer. *See the official text of the administrative proceeding [here](#).*

Conviction of Tornado Cash Co-Founder Roman Storm on Unlicensed Crypto Money Transmitting Charge

On August 6, after nearly 20 hours of deliberations, a federal jury convicted Roman Storm, the co-founder of the crypto mixer Tornado Cash, of conspiring to operate an unlicensed money-transmitting business. The jury was unable to reach a verdict on two other counts relating to charges of money-laundering conspiracy and violating sanctions under the International Emergency Economic Powers Act. Prosecutors argued that from 2019 to 2022, Tornado Cash facilitated over \$1 billion in illicit crypto transactions, including for the sanctioned Lazarus Group, and that Storm and his co-conspirators knowingly failed to implement controls to prevent the illegal use of the cryptocurrency platform. The defense maintained that Tornado Cash was a legitimate crypto privacy tool, emphasizing the decentralized, autonomous nature of the platform's smart contracts, which limited the founders' control. *See the U.S. Attorney's Office press release on the matter [here](#).*

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