

# Coinbase and Binance lawsuits will batter consumer confidence and could potentially derail US crypto industry

Article

**The news:** The Securities and Exchange Commission (SEC) has filed lawsuits against **Coinbase** and **Binance**, signaling its increasingly aggressive stance in regulating the crypto industry.

- On Monday, the SEC filed 13 charges against Binance including operating unregistered exchanges, breaking securities rules, and mishandling customers' funds.
- A day later, it sued Coinbase for failing to register its crypto trading platform and violating securities law.

**Crypto clampdown intensifies:** In the absence of a regulatory framework in the US, the SEC looks intent on policing the space through enforcement as part of a wider crackdown on noncompliance.

The watchdog is making a statement by going after two of the most established crypto firms in the space of two days. Coinbase is generally viewed as one of the more respected digital asset businesses, while Binance is the world's biggest crypto exchange. The SEC is proving that it's prepared to legally challenge companies it believes aren't keeping to rules, regardless of their size.

**The pushback:** Crypto industry insiders have been quick to call out the SEC for what they say is a heavy-handed approach as well as for the regulatory gaps in the US.

**Blockchain Association CEO Kristin Smith** said: "The SEC doesn't make the law—it only makes accusations—and we're confident the courts will prove Chair Gensler wrong ... there is no regulatory clarity for digital assets as evidenced by two House committee chairs circulating a comprehensive regulatory proposal just last week."

**What it means:**

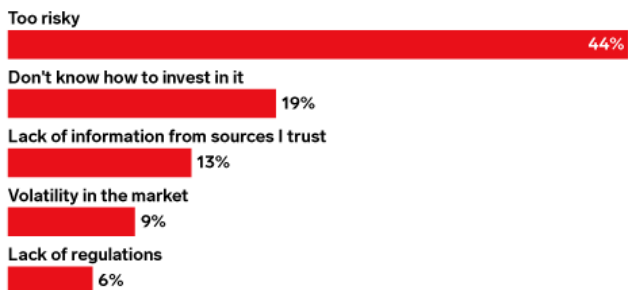
- The SEC is sending a strong signal that it believes cryptos are securities and is prepared to take firms to court if they don't treat them as such.
- Crypto firms that operate by the "better to ask forgiveness than permission" theory could end up in hot water.
- For the broader crypto industry, lawsuits against two of the best-known and largest companies will knock already weak consumer confidence in cryptocurrencies and push them further away from mainstream finance.

- Banks that have invested in their crypto operations, including [Goldman Sachs](#) and [JPMorgan](#), may want to cut their losses as crypto edges increasingly closer to the financial services fringe.

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### Barriers to US Adults Using Cryptocurrency, Oct 2022

% of respondents



Note: ages 16+

Source: Logica Research, "Future of Money Study," Dec 14, 2022

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