Q2–2026

ROPES & GRAY

Crypto Quarterly

Digital Assets, Blockchain, and Related Technologies Update

The landscape of government enforcement, private litigation, and federal and state regulation of digital assets, blockchain, and related technologies is constantly evolving. Each quarter, Ropes & Gray attorneys analyze government enforcement and private litigation actions, rulings, settlements and other key developments in this space. We distill the flood of industry headlines so that you can identify and manage risk more effectively. Below are the takeaways from this quarter's review.

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REGULATORY UPDATES

1. **SEC Staff Issues Statement on Broker-Dealer Registration for Crypto Asset Securities User Interfaces**
   - On April 13, 2026, the SEC's Division of Trading and Markets issued a staff statement on whether providers of crypto trading interfaces—websites, browser extensions, and mobile apps that help users prepare self-custodial blockchain transactions in crypto asset securities—must register as broker-dealers under Exchange Act Section 15(a).
   - Subject to certain conditions under Section 15(b), the Staff noted that it will not recommend enforcement against a provider that operates such an interface without broker-dealer registration, provided that (1) the interface allows users to customize default transaction parameters; (2) the provider does not solicit specific crypto asset securities transactions; (3) the provider's compensation is limited to a fixed charge; and (4) the provider makes prominent disclosures regarding its role, fees, material conflicts of interest, and cybersecurity policies.
   - The statement is expressly interim and phases out automatically in five years (April 2031) absent further SEC interpretation, guidance, or rulemaking.

2. **Executive Order: Integrating Financial Technology Innovation into Regulatory Frameworks**
   - On May 19, 2026, the White House issued an Executive Order directing the federal government to "update regulations to allow integration of digital assets and innovative technology into traditional financial service and payment systems" and to "remove overly burdensome and fragmented regulations and supervisory practices that form barriers to entry and primarily benefit incumbent financial services firms."
   - Section 3, "Streamlining Regulatory Processes," requires the head of each federal financial regulator to review all existing regulations, guidance, supervisory practices, and application processes to identify opportunities to facilitate innovation and competition, with an emphasis on small and emerging fintech firms.
   - On June 16, 2026, with this order in mind, the CFTC issued a Request for Information ("RFI") seeking comment on regulatory barriers that may impede fintech firms, including digital-asset and blockchain-based firms, from partnering with CFTC-regulated entities or obtaining CFTC registrations and authorizations. The RFI provides digital asset and blockchain firms an opportunity to identify CFTC rules, guidance, no-action letters, or application processes that could be modernized to facilitate market access.

3. **CFTC Staff Issues Advisory on 24/7 Trading, Clearing, and Settlement**
   - On May 29, 2026, three CFTC divisions—Clearing and Risk, Market Oversight, and Market Participants—jointly issued a staff advisory on 24/7 trading, clearing, and settlement, directed at designated contract markets ("DCMs"), swap execution facilities, derivatives clearing organizations, and Futures Commission Merchants ("FCMs").
   - The advisory distinguishes between asset classes: crypto derivatives are identified as potentially "well-suited for 24/7 trading due to their digital infrastructure and global reach," while agricultural products may be less appropriate given their "unique customer bases, regional nature, and specialized trading and hedging practices."
   - The advisory encourages registrants considering extended trading hours to proactively address compliance risks as markets evolve toward round-the-clock service.

4. **CFTC Approves Bitcoin Perpetual Futures Contract Submitted by KalshiEX, LLC**
   - On May 29, 2026, the CFTC approved KalshiEX, LLC's application to list a bitcoin ("BTC") perpetual futures contract (the "BTCPERP Contract"). The BTCPERP Contract is a cash-settled, non-expiring derivative that tracks BTC's spot price via the CF Benchmarks Bitcoin Real Time Index, trades in units of 1/10,000 BTC around the clock, and uses a funding rate mechanism—periodic payments between longs and shorts based on the spread between contract price and spot—to maintain price convergence.
   - The CFTC concluded that listing the BTCPERP Contract "would not violate the Commodity Exchange Act ("CEA") or the [CFTC's] regulations," noting that characteristics of the BTC spot market—including its "deep, broadly distributed, active, and continuous trading"—support the funding rate mechanism and reduce susceptibility to manipulation.
   - The CFTC emphasized that its analysis is "limited to the BTCPERP Contract and similarly structured perpetual contracts that reference the spot price of BTC or other digital commodities" with deep, active, and continuous spot market trading, and "does not extend to underlying asset classes other than digital commodities." Market participants seeking to list perpetual contracts on other asset classes are encouraged to engage with CFTC staff.

5. **Staff Letter Clarifies Perpetual Contract Categorization and Issues No-Action Letter on Posting Foreign Digital Commodities**
   - On May 29, 2026, the CFTC's Market Participants Division (the "Division") issued a staff letter to Coinbase Financial Markets, Inc. (a registered FCM) confirming that Deribit Perpetuals[1] may be treated as "foreign futures" under Commission Regulation 30.1—consistent with the same-day BTCPERP approval order.
   - Subject to specified conditions, the Division stated it will not recommend enforcement action against Coinbase Financial Markets "for posting customer-owned digital commodities and payment stablecoins" with its foreign broker affiliate, Coinbase Bermuda Limited, to margin foreign futures and foreign options positions on Deribit FZE (an affiliated foreign exchange)—provided "the foreign broker has obtained a right of re-use over the customer-owned assets."

ENFORCEMENT LANDSCAPE

1. **DOJ Charges 10 Foreign Nationals in Cryptocurrency Market Manipulation**
   - On March 30, 2026, the DOJ announced charges against 10 executives and employees of four cryptocurrency firms—Gotbit, Vortex, Antier, and Contrarian—for artificially inflating trading volume and prices through "wash trading" and then selling at inflated prices.
   - The defendants, who hailed from Russia, Serbia, India, and Taiwan, acted as both buyer and seller to create the illusion of a liquid market.
   - As detailed in the Q4 2024 Ropes & Gray Crypto Quarterly, this prosecution continues the trend of DOJ enforcement actions against foreign nationals engaged in cryptocurrency fraud.

2. **CFTC Sues States to Reaffirm Its Exclusive Jurisdiction over Prediction Markets**
   - In April 2026, the CFTC filed complaints against Arizona, Connecticut, Illinois, New York, and Wisconsin challenging those states' attempts to regulate certain CFTC-registered DCMs. The CFTC argued that event contracts are "swaps" under the CEA, subject to its exclusive jurisdiction, and that state gambling laws are preempted—both because Congress "occupied the field" of derivatives regulation and because state enforcement "stands as an obstacle" to the uniform federal framework.

1 Deribit Perpetuals are contracts that give holders economic exposure to the spot price of an underlying digital commodity through a funding rate mechanism. Duncan Hennes, CFTC No-Action Letter, CFTCLTR No. 26-17 (May 29, 2026).

- The lawsuits directly respond to states' attempts to enforce their gambling laws.
    i. On April 1, 2025, the Illinois Gaming Board issued cease-and-desist letters to KalshiEx LLC and Crypto.com, and on January 27, 2026, to QCX LLC (d/b/a Polymarket US).
    ii. On December 2, 2025, the Connecticut Department of Consumer Protection issued cease-and-desist letters to KalshiEx LLC, Crypto.com, and Robinhood Derivatives.
    iii. On March 16, 2026, Arizona filed a 20-count criminal information against KalshiEX LLC ("Kalshi") in Arizona State Court.[2]
    iv. On April 21, 2026, the New York Attorney General announced enforcement actions against Coinbase Financial Markets, Inc. and Gemini Titan, LLC in New York State Court.
    v. On April 23, 2026, the Wisconsin Attorney General announced enforcement actions against five CFTC-regulated platforms—Kalshi, Polymarket, Crypto.com, Robinhood, and Coinbase in Wisconsin state court.
- In each of the CFTC's complaints, it seeks (i) a declaration that the state laws at issue, as applied to CFTC-designated DCMs, "violate the Supremacy Clause and are therefore preempted, unconstitutional and invalid" and (ii) a permanent injunction barring their enforcement as applied to CFTC-designated DCMs.
- Note that, on April 6, the Third Circuit Court of Appeals held—in a divided Opinion—that the CEA preempts state regulation of DCMs. Although this Opinion is not binding outside of Delaware, New Jersey, and Pennsylvania, it represents a persuasive authority that state litigants will have to grapple with.[3]

3. **U.S. Attorney's Office for the District of Connecticut Recovers over $600,000 in Stolen Cryptocurrency in Phishing Scheme**
    - On April 1, 2026, the DOJ—working in conjunction with the FBI and other law enforcement agencies—announced that it recovered over $600,000 in stolen cryptocurrency from scammers.
    - An anonymous Connecticut resident received a fraudulent letter impersonating "Ledger Security & Compliance," directing the resident to complete a fake security check. Following the instructions, the resident gave the scammers access to a cryptocurrency wallet, resulting in the theft of approximately $234,000 in cryptocurrency.
    - Law enforcement traced the transactions through several wallets and recovered approximately $600,000 in cryptocurrency belonging to multiple victims. The government said the funds constituted money laundering proceeds, and the court entered a decree of forfeiture on March 31.

4. **DOJ Opens $40 Million Compensation Portal for OneCoin Fraud Victims**
    - On April 13, 2026, the DOJ announced a compensation process for victims of the OneCoin cryptocurrency scheme. Co-founders Ruja Ignatova and Karl Sebastian Greenwood operated the scheme from 2014 to 2019, raising over $4 billion by falsely claiming that market supply and demand drove the cryptocurrency's price.
    - Law enforcement received over 100 Bank Secrecy Act[4] reports, providing a trail of OneCoin transactions that investigators then traced through bank records, business dealings, and witness interviews.
    - Through the DOJ's remission process, victims who purchased the cryptocurrency between 2014 and 2019 may be entitled to compensation from the $40 million in assets the government seized.

5. **SEC Brings Charges for False Statements Regarding Crypto Assets and Use of Investor Funds**
    - On April 17, 2026, the SEC charged Donald G. Basile and two entities he controlled—GIBF GP, Inc. and Monsoon Blockchain Corporation—with securities fraud in connection with an offering of "Simple Agreements for Future Tokens" ("SAFTs") tied to a crypto asset called Bitcoin Latinum ("LTNM"). The SEC alleges that between March and December 2021, Basile raised roughly $16 million from hundreds of investors through material misrepresentations.

2 On April 2, 2026, the District of Arizona issued an Order consolidating the CFTC-initiated matter and the Arizona-initiated matter. On April 10, 2026, that Court then issued a temporary restraining order ("TRO")—a short-term pre-trial injunction—blocking Arizona from enforcing its gambling laws "through any criminal or civil enforcement actions related to event contracts listed on CFTC-regulated DCMs." On May 5, 2026, the District of Arizona filed an Order converting the TRO to a Preliminary Injunction, which lasts until judgment is rendered. On May 8, 2026, Kalshi filed a Notice of Appeal to the Ninth Circuit to challenge this injunction.

3 On June 15, the Sixth Circuit denied the CFTC's request to appear as amicus at oral argument in *KalshiEX LLC v. Matthew Schuler*, No. 26-3196 (6th Cir. 2026), which is set for July 30. In this matter, Kalshi filed a complaint against the Ohio Casino Control Commission to prevent it from applying Ohio law to Kalshi's event contracts, and CFTC sought to intervene to defend its exclusive jurisdiction.

4 The "Bank Secrecy Act" refers to a series of U.S. statutes and regulations enacted to deter money laundering and promote financial transparency through mandatory recordkeeping and reporting requirements.

- According to the Complaint, Basile falsely claimed that LTNM was "the world's first insured digital asset" with "up to $1 billion coverage" from an international insurance broker, when no insurance coverage had been obtained. He also allegedly misrepresented that LTNM was backed by assets held in an existing trust, and that 80% or more of SAFT offering proceeds would go "into an underlying fund" to support LTNM's value—none of which existed.
- The SEC further alleges that Basile diverted over $8 million in investor funds to personal expenses, including a condo, a house, credit card charges, and a horse. The SEC adds that LTNM is now valueless, and many investors lost their entire investment. The complaint, filed in the Eastern District of New York, charges Basile with violations of Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5, and seeks injunctive relief, disgorgement, civil penalties, and an officer-and-director bar.

6. **Texas Man Sentenced to 23 Years in Prison for $20 Million Cryptocurrency Scam**
   - On April 16, 2026, the Internal Revenue Service, in partnership with the DOJ, announced that U.S. District Judge LaShonda A. Hunt, of the Northern District of Illinois, sentenced Robert Dunlap, creator of "Meta-1 Coin," to 23 years in federal prison for defrauding nearly 1,000 investors of a combined $20 million.
   - Dunlap falsely claimed that Meta-1 Coin was backed by $1 billion in art and $44 billion in gold.
   - Dunlap's sentence is an anomaly—nearly eight times higher than the average sentence imposed for individuals convicted of fraud using cybertechnology. The Special Agent-in-Charge of the IRS Criminal Investigation in Chicago said that the sentence "reflects the depth of [] harm and sends a clear warning."

7. **U.K. Citizen Pleads Guilty to Theft of $8 Million in Cryptocurrency**
   - On April 17, 2026, the DOJ announced that Tyler Robert Buchanan, a citizen of the United Kingdom, pled guilty to stealing at least $8 million in cryptocurrency from individual victims.
   - Buchanan conducted phishing attacks by sending text messages to employees purporting to be from their company's IT department, convincing them to relinquish sensitive information that gave him access to millions of dollars in virtual currency.
   - Buchanan also engaged in "SIM swapping"—convincing mobile carriers to transfer victims' phone numbers to his SIM card—to bypass two-factor authentication and access victims' accounts.

8. **Coordinated International Effort Leads to Arrest of 276 in Cryptocurrency Fraud Scheme**
   - On April 29, 2026, the DOJ announced a joint FBI and international law enforcement operation that dismantled at least nine cryptocurrency scam centers engaged in "pig butchering,"[5] resulting in 276 arrests.
   - The scammers cultivated online relationships with victims and convinced them to invest in fraudulent cryptocurrency platforms.
   - The DOJ touted "[u]nprecedented cooperation" between the FBI and foreign law enforcement partners, "to hold accountable those who work to enable and facilitate these scams." As emphasized in the Q1 2026 Ropes & Gray Crypto Quarterly, the DOJ's interagency Scam Center Strike Force is dedicated to investigating scam compounds located in Southeast Asia.

9. **California Man Sentenced to 78 Months in Prison for Participating in $263 Million Fraud**
   - On May 6, 2026, the DOJ announced that Judge Colleen Kollar-Kotelly, of the District Court for the District of Columbia, sentenced Marlon Ferro, a 20-year-old from California, to 78 months in federal prison for his role in an 18-member criminal enterprise that stole $263 million in cryptocurrency.
   - The enterprise combined online social engineering with physical burglary of hardware wallets: Ferro served as its "instrument of last resort," breaking into victims' homes to steal hardware wallets when the victims refused to relinquish access to their digital asset accounts.
   - Ferro's 78-month sentence comes on the heels of the 70-month sentence Judge Kollar-Kotelly imposed on his co-conspirator, Evan Tangeman, a 22-year-old from California, less than one month prior.

10. **Ohio Investment Manager Sentenced to Nine Years in Prison for Cryptocurrency Ponzi Scheme**
    - On May 18, 2026, Ohio investment manager Rathnakishore Giri was sentenced to nine years in prison for operating a cryptocurrency Ponzi scheme that raised over $10 million.
    - Giri misrepresented himself to investors as an expert cryptocurrency trader guaranteeing lucrative returns, but instead used funds from new investors to repay earlier ones.

5 "Pig butchering" scams involve slowly gaining a victim's trust before inducing them to invest money or assets, such as cryptocurrencies, into fraudulent investment platforms, which divert the funds directly to the scammer(s).

11. **SEC Charges Texas Resident in Alleged Multimillion Dollar Crypto Asset Fraud Scheme**
   - On May 28, 2026, the SEC charged Nathan Fuller, a Texas resident, with defrauding approximately 150 investors out of roughly $12.3 million through a purported crypto trading venture. Operating through Privvy Investments, LLC from late 2022 through mid-2024, Fuller sold joint-venture interests promising profits from automated crypto arbitrage.
   - The SEC alleges Fuller told investors his AI-powered bots could generate guaranteed returns exceeding 100% within three weeks and falsely claimed their funds were protected by a surety bond and FDIC insurance. According to the complaint, the bots never worked as described, and Fuller allegedly diverted at least $6.2 million to personal spending. He funneled $5.5 million into Ponzi-like payments, concealing the scheme through fabricated account statements and correspondence from fictitious entities.
   - The Complaint, filed in the U.S. District Court for the Southern District of Texas, charges Fuller with violating Sections 5(a), 5(c), and 17(a) of the Securities Act, Section 10(b) of the Exchange Act, and Rule 10b-5. The SEC seeks permanent injunctions, disgorgement with prejudgment interest, and civil penalties.

12. **Second Circuit Affirms Former FTX CEO's Fraud Conviction and $11 Billion Forfeiture Order**
   - On June 12, 2026, the Second Circuit affirmed former FTX CEO Sam Bankman-Fried's convictions for wire fraud, conspiracy to commit securities fraud, conspiracy to commit money laundering, and related offenses. The Court also affirmed the district court's $11 billion forfeiture order, despite describing it as a "very large amount."
   - The Second Circuit described the evidence against Bankman-Fried as "overwhelming." In the DOJ's formal statement following his 2024 sentencing, the DOJ described him as the mastermind behind "one of the largest financial frauds in history."
   - Bankman-Fried's application for a presidential pardon is pending under Clemency Case Number P338490, though President Trump denied any intent to pardon him in a January 2026 interview.

13. **Justice Department Seizes Cloud Computing Account Affiliated with Crypto Scams**
   - On June 23, 2026, the DOJ "announced the seizure of a cloud computing account used by subsidiaries of the Huione Group, a Cambodia-based corporate conglomerate." According to the DOJ, the subsidiaries allegedly supported the laundering of proceeds derived from criminal activities—including scams and frauds—on cryptocurrency blockchains.
   - The DOJ suspects that the seized account supported Huione Guarantee, a Telegram-based marketplace and escrow service which allegedly "contained discussions regarding illicit products and/or services," including "the sale of stolen credit card and identity information, the fruits of malware-enabled thefts, the procurement of individuals for human trafficking schemes," and the laundering of funds derived from "romance and investment scams."
   - On the same day, the U.S. Treasury Department Financial Crimes Enforcement Network announced a proposed rule that prohibits certain financial institutions from opening or maintaining accounts on behalf of a Huione Group affiliate, H-Pay Service PLC.

PRIVATE LITIGATION

1. ***Don Holland v. CryptoZoo, Inc., et al.*** (W.D. Tex., filed Feb. 2, 2023)
   - As described in the Q1 2026 Crypto Quarterly, YouTuber Logan Paul filed a Motion to Dismiss a customer and investor class action Complaint filed in the Western District of Texas that alleged he and several co-defendants perpetrated a fraud scheme in which he promoted a "CryptoZoo" game to investors, abandoned the project, and retained their funds.
   - On April 15, 2026, Paul filed a Reply in support of his Motion to Dismiss, arguing that (i) the plaintiffs pled insufficient facts to pierce the corporate veil and seek relief from Paul personally, and (ii) the SEC issued guidance—in accordance with SEC v. W.J. Howey Co., 328 U.S. 293 (1946)—that "digital collectibles" like CryptoZoo NFTs are not securities. The Reply also raised various other arguments regarding the plaintiffs' standing and the sufficiency of their pleading.
   - On April 22, 2026, the investors filed a Sur-Reply, arguing that SEC guidance does not have the force of law and cannot supplant or narrow Howey, which is binding Supreme Court precedent. The Sur-Reply adds that the SEC Release itself concedes that "non-security crypto assets can still be the subject of investment contracts" when the issuer offers them in a way that satisfies Howey.

2. ***McCollum v. Circle Internet Group*** (D. Mass., filed Apr. 14, 2026)
   - On April 14, 2026, investors filed a class action Complaint in the District of Massachusetts against Circle Internet

Group, Inc. and Circle Internet Financial, LLC (together "Circle"), alleging that Circle knowingly provided hackers with access to its USDC stablecoin and blockchain bridge technologies to steal approximately $280 million in digital assets from the Drift Protocol (which the Complaint describes as "a decentralized perpetuals exchange on the Solana blockchain").

- The investors brought claims for aiding and abetting conversion and negligence on behalf of "[a]ll persons and entities who owned cryptocurrency that was stolen on the April 1, 2026, Drift exploit."
- On May 11, 2026, the investors filed an Amended Complaint. The Amended Complaint added several plaintiffs but narrowed the plaintiff class to those who had their cryptocurrency "transferred through Circle's stablecoin USDC and its blockchain bridge CCTP to the Ethereum blockchain." It also alleges that Circle CEO Jeremy Allaire claimed that "asking a private company like Circle to cut off services to criminals would present a 'moral quandary' and suggested that victims should instead obtain court orders to stop illicit transfers."

3. ***Lacey v. Bitcoin Depot Inc.*** (D. Idaho, filed May 11, 2026)
   - On May 11, 2026, Karen and Robert Lacey—a retired couple—filed a class action Complaint in the District of Idaho against Bitcoin Depot, Inc. and Bitcoin Depot Operating, LLC (together "Bitcoin Depot"), alleging the company "systematically [facilitated] cryptocurrency scams through its Bitcoin ATM network," resulting in "thousands of dollars [in losses] through [its] machines."
   - The couple brought claims for state consumer protection law violations, negligence, breach of duty, and unjust enrichment on behalf of all persons who, during the prior six years, "completed a cash-to-Bitcoin transaction at a Bitcoin Depot ATM located in Idaho as part of an impersonation scam, and who (a) reported the fraudulent transaction to Bitcoin Depot, law enforcement, or any government agency, or (b) otherwise put Bitcoin Depot on-notice of the fraudulent transaction."
   - On June 3, 2026, Bitcoin Depot filed a Notice of Bankruptcy, informing the plaintiffs that it has initiated a Chapter 11 bankruptcy proceeding and, under federal statute, the class action lawsuit must be stayed pending that proceeding.

LEGISLATION

1. **CLARITY Act**
   - On May 14, 2026, the postponed markup of the Digital Asset Market Clarity (CLARITY) Act took place, which involved over 100 proposed amendments. On June 1, the bill was placed on the Senate Legislative Calendar after Senate Banking Committee Chairman Tim Scott (R-S.C.) released a redrafted version.
   - *Securities Asset Classification:*
     i. The CLARITY Act distinguishes between "network tokens" (digital commodities linked to and deriving value from the use of a distributed ledger system) and "ancillary assets" (network tokens whose value depends on the entrepreneurial or managerial efforts of the asset originator). Network tokens are treated as commodities, while ancillary assets are treated as securities with a rebuttable presumption that network tokens are ancillary assets.
     ii. Originators who make initial offerings of ancillary assets or trade them within 12 months of the initial offering would be subject to disclosure requirements, including insider trading-related certifications.
     iii. Ancillary assets traded in connection with an investment contract would qualify for a "Regulation Crypto" exemption from SEC registration requirements. Companies could raise up to the greater of $50 million per calendar year over four years or 10% of the total dollar value of outstanding ancillary assets, but would still need to comply with ancillary asset disclosure requirements.
   - *Digital Commodity Requirements:*
     i. The bill would require digital commodity brokers, dealers, and exchanges to be treated as financial institutions under the Bank Secrecy Act, subjecting them to anti-money laundering programs, customer identification, and customer due diligence obligations.
     ii. Additionally, digital commodities would be defined as customer property under Chapter 7 of the Bankruptcy Code, affording them the same treatment as other commodities and securities in bankruptcy proceedings.
   - The CLARITY Act is now in a race against the clock, with the Senate's summer recess and midterm elections looming.

2. **PARITY Act Introduced in House with Bipartisan Support**
   - The Digital Asset Protection, Accountability, Regulation, Innovation, Taxation, and Yields (PARITY) Act, introduced by Representatives Max Miller (R-OH) and Steven Horsford (D-NV), seeks to modernize the federal tax code for digital assets and modern financial technology.
   - Among other reforms, the bill would treat stablecoins used for purchases as cash for tax purposes, extend existing stock lending and wash sale rules to digital assets, and allow cryptocurrency dealers and traders to use mark-to-market accounting. Miners receiving newly created digital assets would also be permitted to defer income recognition for up to five years until disposition. The bill would also provide safe harbor to prevent foreign crypto traders using U.S. platforms from being treated as "doing business" in the U.S. for tax purposes.
   - On May 19, the bill was referred to the House Committee on Ways and Means.
3. **Updates from State Legislatures**
   - Florida and North Carolina Advance Stablecoin Regulation
     i. On March 5, 2026, the Florida Legislature passed HB 175. HB 175 would require financial institutions to comply with state anti-money laundering rules for stablecoins, including maintaining records of transactions exceeding $10,000 and detecting structuring. The bill also requires Florida-based stablecoin issuers to obtain a state license and maintain sufficient non-cryptocurrency reserves.
     ii. On June 9, 2026, the North Carolina House of Representatives passed the Digital Asset and Stablecoin Act. The bill would allow financial institutions to stake digital assets held in custody on behalf of customers and provide them with rewards and yield earned by staking the asset. It would also require financial institutions to comply with anti-money laundering and banking security laws with respect to the digital asset services they offer. Notably, the bill limits the state's own digital asset regulation efforts by providing that financial institutions may engage in any digital asset activity authorized by federal law, even if the activity would otherwise be restricted under state digital asset regulations.
   - Illinois to Tax Digital Assets
     i. As part of Illinois's fiscal year 2027 budget signed on June 10, a new 0.2% tax will apply to "digital asset business activity," including the exchange, transfer, and storage of digital assets.
     ii. Digital asset brokers must register with the Illinois Department of Revenue and will be responsible for collecting and remitting the tax. Noncompliance may result in criminal prosecution for a Class 3 felony.
     iii. The tax goes into effect January 1, 2027, and is projected to raise $60 million in revenue.
   - Alaska to Crack Down on Digital Asset ATM Scams
     i. On May 20, 2026, the Alaska legislature passed a bill targeting cryptocurrency ATM scams. The bill would require virtual currency kiosk operators to obtain a money transmission license and gain state approval before operating in Alaska. Now awaiting the governor's signature, the bill also imposes quarterly and annual reporting requirements including gross revenue, transaction volume, and customer complaints.

LOOKING AHEAD

To stay ahead of the curve, we look for insights from Ropes & Gray litigation and enforcement lawyers working in the field. This quarter's featured insight:

On June 9, 2026, the U.S. House of Representatives Ways and Means Committee announced pending legislation that would reform digital asset taxation rules. Some proposed initiatives include the "Less Tax Paperwork for Digital Asset Owners Act," which would exclude certain digital asset gains and losses from tax reporting and create an election to simplify digital asset accounting. Another proposed initiative is the "Digital Assets Voluntary Disclosure Program Act," which would "[direct] the Treasury to provide a voluntary disclosure program for taxpayers who failed to comply with tax law related to digital assets to come back into compliance." The status of this act will be discussed in further detail in the next edition of the Crypto Quarterly.

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