

January 15, 2026

Mr. Paul S. Atkins
Chairman
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: SEC Retrenchment from Crypto Enforcement

Dear Chairman Atkins:

We write to express my deep concern regarding the Securities and Exchange Commission's (SEC) dramatic retrenchment from its responsibility to investigate and prosecute cases involving crypto asset securities—activities that appear to be violations of current securities laws and regulations. Specifically, since January 2025, the SEC has dismissed or closed at least one dozen crypto-related cases, including meritorious litigated cases against Binance, Coinbase, and Kraken, in which it had received favorable rulings from the courts.¹ Given the industry's history of investor-harm and the clear mandate of the securities laws to protect market participants, this turn raises troubling questions about the SEC's priorities and effectiveness. Frankly, it puts both investors and the U.S. economy at risk.

The SEC Has Dismissed Important Litigated Crypto Cases Without Justification

During a time of unprecedented lobbying and donations to President Trump and his associates by the crypto industry, the SEC has openly and boldly dismissed the majority of its crypto enforcement cases. The litigated matters the SEC has dismissed in the past year include:

- **Binance Holdings Ltd., et al.:** On June 5, 2023, the SEC filed suit against Binance Holdings Ltd., its affiliates, and its founder, Changpeng Zhao (CZ). The SEC's thirteen charges included allegations that "that Zhao and Binance entities engaged in an extensive web of deception, conflicts of interest, lack of disclosure, and calculated evasion of the law."² On November 21, 2023, while the SEC's case was pending, CZ separately pleaded guilty to criminal charges that he violated the Bank Secrecy Act (BSA) by causing Binance to fail to implement an effective anti-money laundering program.³ On June 28, 2024, Judge Amy Berman Jackson (D.D.C.) upheld the majority of the allegations in the SEC's Complaint against a motion to dismiss. Specifically, Judge Jackson found that the SEC sufficiently alleged that Binance engaged in fraud, that its offers and sales of its BNB token, the BNB Vault, and BAM's staking-as-a-service offering were investment contracts and that

¹ See Coin Edition, "SEC's Regulatory Shift: 12 Crypto Cases Dropped This Year," (April 16, 2025), available at <https://coinedition.com/seccs-regulatory-policy-shift-12-crypto-cases-dropped-this-year/> (Accessed Jan. 12, 2026); CCN, "SEC Crypto Reversals: Every Case It Dropped in 2025 and the Legal Battles Still Ahead," (May 30, 2025), available at <https://www.ccn.com/news/crypto/sec-crypto-reversals-2025-lawsuits/> (Accessed Oct. 29, 2025). See generally, SEC.com, "Litigation Releases," (as of Jan. 12, 2026), available at <https://www.sec.gov/enforcement-litigation/litigation-releases/lr-25676> (Accessed Jan. 12, 2026).

² SEC, "SEC Files 13 Charges Against Binance Entities and Founder Changpeng Zhao," (June 5, 2023), available at <https://www.sec.gov/newsroom/press-releases/2023-101> (Accessed Jan. 12, 2026).

³ DOJ Press Release, "United States v. Changpeng Zhao," available at <https://www.justice.gov/criminal/case/united-states-v-changpeng-zhao> (Accessed Jan. 12, 2026).

Binance was operating as an unregistered exchange, broker-dealer, and clearing agency.⁴ Despite the egregiousness of Binance's conduct and the SEC's success in overcoming a motion to dismiss most of its claims, on May 29, 2025, the SEC dismissed its case against Binance with prejudice as "an exercise of discretion."⁵ On October 23, 2025, the Trump Administration pardoned CZ, ensuring that he and his companies would not be held accountable for flouting the law.⁶

- **Coinbase Inc., et al.:** On June 6, 2023, the SEC charged Coinbase with "operating its crypto asset trading platform as an unregistered national securities exchange, broker, and clearing agency," as well as "failing to register the offer and sale of its crypto asset staking-as-a-service program."⁷ On March 27, 2024, the SEC successfully defeated Coinbase's motion to dismiss the case.⁸ In upholding the SEC's allegations that Coinbase operated as an unregistered exchange, broker-dealer, and clearinghouse with regard to certain tokens, the Court opined that the tokens at issue were securities: "the sale of an investment contract, here, necessarily includes the investment in the token's broader enterprise, manifested by the full set of expectations and understandings surrounding the sale and distribution of the asset."⁹ Despite the strength of its case, on February 27, 2025, the SEC filed a joint stipulation with Coinbase to dismiss the ongoing civil enforcement action against the two entities "[g]iven the pending work of the Crypto Task Force."¹⁰
- **Payward Ventures, Inc., et al. (d/b/a Kraken):** On November 20, 2023, the SEC charged Kraken with operating "as an unregistered securities exchange, broker, dealer, and clearing agency."¹¹ On August 23, 2024, the SEC successfully defeated Kraken's motion to dismiss.¹² Judge William Orrick (N.D.Ca.) found that "the SEC has plausibly alleged that at least some of the cryptocurrency transactions that Kraken facilitates on its network constitute investment contracts, and therefore securities, and are accordingly subject to securities laws."¹³ Nevertheless, on March 27, 2025, the SEC and Kraken filed a joint stipulation to dismiss the case with prejudice. In so doing, the SEC stated that its "decision to exercise its discretion and dismiss the pending enforcement action rests on its judgment that the dismissal will facilitate the Commission's ongoing efforts to reform and renew its regulatory approach to the crypto industry, not on any assessment of the merits of the claims alleged in the action."¹⁴

⁴ See Fenwick, "SEC v. Binance: Court Decides Majority of Claims Can Proceed but Expresses Skepticism of SEC's Application of Law to the Cryptocurrency Industry" (July 3, 2024), available at <https://www.fenwick.com/insights/publications/sec-v-binance-court-decides-majority-of-claims-can-proceed-but-expresses-skepticism-of-secs-application-of-law-to-the-cryptocurrency-industry> (Accessed Jan. 12, 2026).

⁵ Joint Stipulation to Dismiss and Release, *SEC v. Binance Holdings Limited, et al.*, 1:23cv01599. ENF No. 301 (May 29, 2025), available at <https://www.sec.gov/files/litigation/litreleases/2025/stipulation-dismissal-26316.pdf> (Accessed Jan. 12, 2026).

⁶ See CNBC, "Trump pardons convicted Binance founder Changpeng Zhao," (Oct. 23, 2025), available at <https://www.cnbc.com/2025/10/23/trump-pardons-binance-founder-cz-zhao.html?msockid=10a729e14bad68560f823fb64aeb6926> (Accessed Jan. 12, 2026).

⁷ SEC, "SEC Charges Coinbase for Operating as an Unregistered Securities Exchange, Broker, and Clearing Agency," (June 6, 2023), available at <https://www.sec.gov/newsroom/press-releases/2023-102> (Accessed Jan. 12, 2026).

⁸ CoinDesk, "Coinbase Loses Most of Motion to Dismiss SEC Lawsuit," (March 27, 2024), <https://www.coindesk.com/policy/2024/03/27/coinbase-loses-most-of-motion-to-dismiss-sec-lawsuit> (Accessed Jan. 12, 2026).

⁹ Opinion and Order, *SEC v. Coinbase, et al.*, 23cv4738 (KPF) (S.D.N.Y.), ENF No. 105 at 58 (March 27, 2025), available at <https://www.courtlistener.com/docket/67478179/105/securities-and-exchange-commission-v-coinbase-inc/> (Accessed Jan. 12, 2026).

¹⁰ SEC, "SEC Announces Dismissal of Civil Enforcement Action Against Coinbase," (Feb. 27, 2025), available at <https://www.sec.gov/newsroom/press-releases/2025-47> (Accessed Jan. 12, 2026).

¹¹ SEC, "Payward, Inc. and Payward Ventures, Inc.," (Nov. 20, 2022), available at <https://www.sec.gov/enforcement-litigation/litigation-releases/lr-25896> (Accessed Jan. 12, 2026).

¹² Order Denying Motion to Dismiss and Setting Case Management Conference, *SEC v. Payward, Inc.*, 23cv06003 (WHO), ENF No. 90 (Aug. 23, 2024), available at <https://www.courtlistener.com/docket/68023155/90/securities-and-exchange-commission-v-payward-inc/> (Accessed Jan. 12, 2026).

¹³ See Banking Dive, "Kraken must face SEC lawsuit, judge rules," (Aug. 26, 2024), available at <https://www.bankingdive.com/news/kraken-must-face-sec-lawsuit-judge-rules/725271/> (Accessed Jan. 12, 2026).

¹⁴ SEC, "Payward, Inc. and Payward Ventures, Inc. (d/b/a 'Kraken')," (March 27, 2025), available at <https://www.sec.gov/enforcement-litigation/litigation-releases/lr-26278> (Accessed Jan. 12, 2026).

The SEC's declination of its responsibility to enforce the securities laws against crypto companies and their leaders comes at a time when crypto companies are pouring money into the accounts of President Trump, his family, and his associates. For instance, crypto companies donated at least \$85 million to Trump's reelection campaign. Companies whose cases or investigations were dismissed this year—including Coinbase, Kraken, Ripple, Robinhood, and Crypto.com—donated at least \$1 million each to Trump's inauguration.¹⁵

On March 12, 2025, it was announced that an Abu Dhabi state-backed investment firm would invest \$2 billion in Binance via World Liberty Financial's stablecoin, \$USD1.¹⁶ This "investment" enabled Binance to support the legitimacy of \$USD1 and launch it as one of the top stablecoins in the world. The deal is estimated to yield the Trump family approximately \$80 million per year in profit.¹⁷ Two months later, the SEC dismissed its case against Binance.

The unjustified decision by the SEC to walk away from these and other meritorious enforcement cases against crypto firms has created the unmistakable inference of a pay-to-play scheme. The SEC's decision to let those who violated the securities laws go without consequences, together with recent statements by Chair Atkins that "most crypto tokens are not securities,"¹⁸ despite holdings by federal district courts that at least some tokens are securities, has left a vacuum whereby securities violations by crypto firms are not enforced and U.S. investors are not protected.

The SEC Can Still Act to Hold Justin Sun Accountable

One case offers the SEC an opportunity to demonstrate to Americans that the SEC still has their back. In February 2025, as part of its efforts to shut down cases holding crypto fraudsters accountable, the SEC asked the court to stay its enforcement action against Justin Sun, founder of the Tron Foundation, *SEC v. Sun, et al.*, Case No. 1:23-cv-02433-ER (S.D.N.Y.). ***Unlike the other cases detailed above, this case has not yet been dismissed.*** The SEC's request to stay the Sun litigation, and subsequent efforts to settle the matter, may have been unduly influenced by Sun's relationship with the Trump family, including his significant financial contributions to their businesses.¹⁹ So that investors harmed by Sun's fraudulent activities may be made whole, I ask the SEC to revisit its request to stay its litigation against Sun and renew that action.

¹⁵ See "Crypto firms pour millions into Trump inauguration," (Jan. 17, 2025), available at <https://www.politico.com/news/2025/01/17/crypto-money-trump-inauguration-00199088> (Accessed Jan. 12, 2026); Binance Square, "Report reveals crypto companies that donated the most to Trump; check it out," (April 22, 2025), available at <https://www.binance.com/en/square/post/23271630785362> (Accessed Jan. 12, 2026).

¹⁶ See Forbes, "MGX Cites 'Compliance History' In Picking Brand New Trump-Linked Stablecoin USD1 For \$2 Billion Binance Deal," (Oct. 2, 2025), available at <https://www.forbes.com/sites/zacheverson/2025/10/02/mgx-usd1-binance-trump-stablecoin-world-liberty-financial/> (Accessed Jan. 12, 2026).

¹⁷ See Fortune, "How the Trump family is poised to profit from a \$2 billion Middle East crypto deal that uses their stablecoin," (May 7, 2025), available at <https://fortune.com/crypto/2025/05/07/world-liberty-financial-wlfi-trump-binance-mgx-stablecoin-deal/> (Accessed Jan. 12, 2026).

¹⁸ Coin Telegraph, "SEC chair A Crypto Billionaire's Path From Pariah to Trump Moneyman says most tokens are not securities, backs 'super-app' platforms," (Sept. 10, 2025), available at <https://cointelegraph.com/news/sec-chair-says-most-tokens-are-not-securities-backs-super-app-platforms> (Accessed Jan. 12, 2026).

¹⁹ See e.g., Bloomberg, "A Crypto Billionaire's Path From Pariah to Trump Moneyman" (Sep. 26, 2025), available at <https://www.bloomberg.com/news/features/2025-09-26/crypto-billionaire-justin-sun-went-from-pariah-to-trump-moneyman> (Accessed Oct. 21, 2025) ("Sun was facing a fraud lawsuit from the US Securities and Exchange Commission. A few months after he started investing in Trump's cryptocurrencies, the case was put on hold pending the outcome of settlement talks. (The SEC declined to comment for this story.) Although both sides deny any impropriety, never before has an individual seeking a US president's goodwill channeled so much money to the president's family. As a foreign citizen—he holds a passport from St. Kitts and Nevis—Sun is barred from donating to US political campaigns. Nonetheless, he has generated more money for the Trumps through crypto than they make in a year from Mar-a-Lago. And he's pledged to buy an additional \$100 million of Trump memecoins."); The New York Times, "Teapot Dome. Watergate. They're Nothing Compared With This" (Oct. 17, 2025), available at <https://www.nytimes.com/2025/10/17/opinion/world-liberty-financial-crypto-trump.html> (Accessed Jan. 12, 2026) ("The flamboyant Chinese crypto entrepreneur Justin Sun has posted repeatedly on social media about his many millions of dollars worth of World Liberty tokens and Mr. Trump's memecoin while positioning himself as a major backer of Mr. Trump's crypto ventures. In February, the Securities and Exchange Commission asked a federal judge to pause a civil fraud case against Mr. Sun. The pause was granted. In May, Mr. Sun's position as the top holder of

The SEC's failure to hold Sun accountable suggests that it may be part of a pay-to-play scheme orchestrated by Sun. Specifically, as recently as September 5, 2025, Sun made statements on X suggesting he intended to purchase an additional \$10 million worth of \$WLFI tokens from World Liberty Financial (WLF), a Trump family business, in an apparent effort to persuade WLF that he is committed to the project, that they should unlock his 545 million \$WLFI tokens, and to otherwise curry favor with the Trump family. We are also concerned that a settlement favorable to Sun could undermine U.S. securities regulation and threaten the integrity of U.S. markets by a person and entities located in the People's Republic of China.

On the heels of President Trump's pardon of Binance founder, CZ, the SEC must continue to pursue material securities fraud matters, including those involving crypto, to protect American retail investors. We ask that the SEC request that the Court lift the stay and that the SEC litigate the case consistent with the facts alleged in its complaint. Alternatively, should the SEC determine that a settlement would be the best outcome for harmed investors, we ask that such a settlement reflect the strength of the SEC's case and be consistent with the relief it would have obtained had it litigated the case to a favorable judgment.

The SEC's Strong Case Against Justin Sun

The SEC's complaint, filed on March 22, 2023, alleged unlawful conduct spanning several years. The SEC alleged that Sun "engineered the offer and sale of two crypto asset securities called 'TRX' and 'BTT'" to the investing public starting in 2017, but never filed a registration statement for these offerings.²⁰ Sun's conduct, however, extended beyond registration violations to securities fraud. As the SEC detailed in its complaint, "Sun directed the manipulative wash trading of TRX to create the artificial appearance of legitimate investor interest and keep TRX's price afloat."²¹ Under Sun's direction, the SEC alleged, employees conducted "hundreds of thousands of TRX wash trades" between accounts that Sun ultimately controlled, with no change in beneficial ownership of the tokens and "no legitimate economic purpose."²² The SEC claimed that these manipulative trading activities generated a false impression of a liquid market, allowing Sun to sell approximately \$31 million worth of tokens to unsuspecting investors.²³

The SEC's complaint also alleged that the scheme was made worse by Sun's orchestration of an unlawful celebrity promotion campaign.²⁴ The SEC detailed allegations that Sun paid multiple celebrities (who had millions of online followers) to promote TRX and BTT on social media "without disclosing that they had been paid."²⁵ According to the SEC's complaint, Sun publicly lied about these arrangements, falsely claiming on Twitter in February 2021 that, "If any celebrities are paid to promote TRON, we require them to disclose," even as "Sun himself arranged the payments to celebrities and knew those payments were not disclosed."²⁶

Mr. Trump's memecoin earned him, and dozens of other top \$TRUMP owners, an invitation to a dinner at Trump National Golf Club in Virginia. There, Mr. Sun received a gold watch."); The New York Times, "How a Fringe Movement of Gun Nuts, Backwoodsmen and Free Marketers Paved the Way for Autocracy," (Oct. 24, 2025), available at <https://www.nytimes.com/2025/10/24/opinion/crypto-trump-libertarianism-corruption.html> <https://www.nytimes.com/2025/10/24/opinion/crypto-trump-libertarianism-corruption.html> (Accessed Jan. 12, 2026) ("Remember Mr. Sun, the gala attendee? In addition to the roughly \$15 million he spent on \$TRUMP, which secured that gala ticket, he has spent at least \$75 million on tokens and investments tied to World Liberty Financial, a crypto-finance company mostly owned by the Trump family. The Securities and Exchange Commission's suit against Mr. Sun has been dropped, and the S.E.C. ceased its investigation into a set of businesses connected with him. And on Thursday, Mr. Trump pardoned Mr. Zhao, the ex-Binance chief. He and Binance have, like Mr. Sun, been highly supportive of World Liberty. If the Trumps are willing to make deals, there is little to stop crypto's biggest backers from getting anything they want.").

²⁰ See *SEC v. Justin Sun, et al*, available at <https://www.sec.gov/files/litigation/complaints/2023/comp-pr2023-59.pdf> ("Complaint"), pp.2-3 (Jan. 12, 2026).

²¹ *Id.*

²² *Id.*

²³ *Id.* at 14.

²⁴ See Complaint, p.2.

²⁵ *Id.*

²⁶ *Id.* at 2-3.

The strength of the SEC’s case has been independently validated through parallel proceedings. In *Hardin v. Tron Foundation*, a private class action by defrauded TRX investors, Judge Vernon Broderick of the Southern District of New York, sustained the core allegations that TRX was sold as an unregistered security.²⁷ Just last year, Judge Broderick allowed the Section 12(a)(1) Securities Act claims against Tron and Sun to proceed, finding the plaintiffs had plausibly alleged that Sun and his company illegally sold TRX—a security—without registration.²⁸ One of Sun’s paid promoters, Austin Mahone, consented to a final judgment in August 2023 that permanently enjoined him from violating Section 17(b) of the Securities Act and required him to pay approximately \$45,724 in disgorgement, prejudgment interest, and civil penalties.²⁹ Several other celebrities who promoted Sun’s tokens quickly settled the SEC’s charges and paid fines of hundreds of thousands of dollars.³⁰

The SEC’s case was not speculative or marginal—it was built on a rigorous investigation that resulted in detailed allegations of systematic securities violations confirmed by judicial rulings and co-defendant settlements. No adverse rulings or negative developments had impaired the SEC’s position prior to the stay. Indeed, the apparent concession by Sun in *Hardin* that TRX is a security, subsequent findings by a federal district judge premised on the fact that TRX is a security, and the well-supported allegations by the SEC in the *Sun* litigation, mandate that TRX, and securities fraud cases regarding TRX, remain within the SEC’s jurisdiction. Therefore, the SEC should continue to pursue its case against Sun even as it attempts to back away from its enforcement obligations over other crypto assets that have not been specifically adjudicated to be securities.

Alarming Signs of Political Interference

Despite the strength of its case, on February 26, 2025, the SEC asked the Court to stay its case against Sun “to explore a potential resolution.”³¹ The timing of the SEC’s reversal raises significant questions given that it directly contradicted previous SEC staff recommendations to litigate the matter and coincided with significant crypto industry contributions to former President Trump’s campaign and inauguration,³² as well as Sun’s own \$75 million investment in a Trump-affiliated crypto venture. As detailed below, these circumstances create a clear appearance of regulatory capture and political interference that strikes at the heart of the SEC’s independence. Failure to pursue this case sends a dangerous signal that wealthy defendants with political connections can evade accountability for even the most flagrant securities violations.

In late 2024 and throughout 2025, including during pending settlement discussions with the SEC, Sun has gone above-and-beyond to funnel money to the Trump family crypto businesses and promote the Administration’s pro-crypto platform. Prior to the stay of the SEC’s case, in November 2024 and January 2025, Sun reportedly

²⁷ *Hardin v. Tron Foundation*, 20-CV-2804 (VSB) (S.D.N.Y. Oct 23, 2024), at 30, available at <https://casetext.com/case/hardin-v-tron-found-2> (Accessed Jan. 12, 2026).

²⁸ *Id.* (noting that Sun did not challenge TRX’s classification as a security in his motion to dismiss and finding that Plaintiffs’ adequately pled violations of Section 12(a)(2) of the Securities Act. These included a “(1) violation of Sections 5 and 12(a)(1) of the Securities Act for the unregistered offer and sale of securities in the form of TRX;” and a “(2) violation of Sections 5 and 12(a)(1) of the Securities Act against Defendants Sun and Chen as “control persons” of TRON.”).

²⁹ SEC: “Justin Sun, Tron Foundation Limited, BitTorrent Foundation Ltd., Rainberry, Inc., Austin Mahone, and Deandre Cortez Way” (Aug 7, 2023), available at <https://www.sec.gov/enforcement-litigation/litigation-releases/lr-25803> (Accessed Jan. 12, 2026).

³⁰ SEC Press Release, “SEC Charges Crypto Entrepreneur Justin Sun and His Companies for Fraud and Other Securities Law Violations” (March 22, 2023), available at <https://www.sec.gov/newsroom/press-releases/2023-59> (Accessed Jan. 12, 2026) (“With the exception of Cortez Way and Mahone, the celebrities charged today agreed to pay a total of more than \$400,000 in disgorgement, interest, and penalties to settle the charges, without admitting or denying the SEC’s findings.”).

³¹ *SEC v. Justin Sun, et al*, Joint Letter Motion (ECF 82), available at <gov.uscourts.nysd.596044.82.0.pdf> (Feb. 26, 2025) (Accessed Jan. 12, 2026).

³² Politico, “Crypto firms pour millions into Trump inauguration,” (Jan. 17, 2025), available at <https://www.politico.com/news/2025/01/17/crypto-money-trump-inauguration-00199088#:~:text=Leading%20crypto%20firms%20have%20pumped,in%20on%20Monday> (Accessed Jan. 12, 2026).

invested a total of at least \$75 million in World Liberty Financial, Inc. (WLF), a cryptocurrency project backed by the Trump family, and even serves as an official adviser to the WLF project.³³

Following the Court’s February 27, 2025, order granting the stay, Sun re-doubled his efforts to influence the Trump Administration. On May 1, 2025, Sun appeared onstage with Eric Trump at Token2049, a major crypto conference in the United Arab Emirates.³⁴ Three weeks later, Sun announced that he was the top purchaser of the \$TRUMP token, earning an invitation to the White House and to the May 22, 2025, dinner that Trump hosted for those who spent the most money on the his memecoin, \$TRUMP.³⁵ Most recently, on September 5, 2025—just days after WLF’s token, \$WLFI, began to trade publicly—Sun’s 545 million \$WLFI tokens were suddenly frozen³⁶ by WLF.³⁷ That same day, in apparent recognition that Sun expected he could buy positive outcomes—here, the potential unlock of these tokens—Sun tweeted: “I will market buy \$10 million worth of ALTS and \$10 million worth of WLFI.”³⁸



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These activities create the unmistakable appearance of a pay-to-play arrangement: a defendant to an SEC enforcement action pours tens of millions into ventures tied to the President’s family, and shortly thereafter his case is stayed. Then, he continues to funnel millions more dollars to the President’s businesses, and have personal meetings with the President and his son, while a settled resolution to that case is pending. As one former SEC

³³ CNN, “A crypto mogul who invested millions into Trump coins is getting a reprieve on civil fraud charges,” (Feb. 28, 2025), *available at* <https://www.cnn.com/2025/02/28/business/crypto-mogul-trump-coins-civil-fraud-charges/index.html> (Accessed Jan. 12, 2026)

³⁴ The New York Times, “At a Dubai Conference, Trump’s Conflicts Take Center Stage,” (May 1, 2025), *available at* <https://www.nytimes.com/2025/05/01/us/politics/trump-cryptocurrency-usd1-dubai-conference-announcement.html> (Accessed Jan. 12, 2026).

³⁵ Justin Sun, Twitter Post dated May 20, 2025, *available at* <https://x.com/justinsuntron/status/1924676460461310008> (Accessed Jan. 12, 2026)

(“Honored to support @POTUS and grateful for the invitation from @GetTrumpMemes to attend President Trump’s Gala Dinner as his TOP fan! As the top holder of \$TRUMP, I’m excited to connect with everyone, talk crypto, and discuss the future of our industry.”).

³⁶ I separately ask that you evaluate whether \$WLFI is a security. Recent actions by World Liberty Financial, the issuer of \$WLFI, demonstrate that \$WLFI is an investment contract *under U.S. v. Howey*, 328 U.S. 293, 301 (1946). \$WLFI (1) involves an “investment of money” because it accepted both fiat and crypto assets in exchange for \$WLFI on the primary and secondary markets; and (2) is “in a common enterprise with profits to come solely from the efforts of others” because of the centralized manner in which \$WLFI is sold, marketed, and managed. Specifically, the ability of the issuer to unilaterally freeze an investor’s tokens, as it did to Sun, suggests that it is not decentralized. Furthermore, the recent decision of the issuer to burn 47 million \$WLFI to create scarcity attempt to boost the falling price of \$WLFI after it started to trade publicly, was similarly done unilaterally and without a tokenholder vote, suggesting it does not meaningfully operate as a governance token.

³⁷ Reuters, “Top Trump crypto backer Justin Sun says his World Liberty tokens ‘unreasonably’ frozen,” (Sep. 5, 2025), *available at* <https://www.reuters.com/business/finance/top-trump-crypto-backer-justin-sun-says-his-world-liberty-tokens-unreasonably-2025-09-05/> (Accessed Jan. 12, 2026).

³⁸ Justin Sun, Twitter Post dated Sep. 5, 2025, *available at* <https://x.com/justinsuntron/status/1963961392295244130>.

³⁹ Sun’s tweet, Sept 5, 2025, *available at* https://x.com/justinsuntron/status/1963961392295244130?t=ZMxaBik4YCYZkz_YuXqT7sg&s=19 (Accessed Jan. 12, 2026).

official noted about the Sun case, backing off enforcement “may be good for one of the president’s crypto partners, [but] it’s bad for the industry’s already questionable reputation.”⁴⁰

The SEC’s whiplash policy reversal—from vigorous enforcement against unscrupulous crypto players to possible abandonment of a strong case—creates the appearance that political considerations, not legal merits, potentially drove this decision. The American public deserve to know whether the SEC’s independence has been compromised and whether justice in our markets has been subordinated to political interests. I therefore demand answers from you.

Sun’s and Tron’s Ties to the People’s Republic of China

Our concerns regarding these recent events regarding the Sun case are compounded by outstanding questions regarding ties between the Tron Foundation, Sun, and the People’s Republic of China (PRC), which suggest that Sun may be a security risk to the United States. As detailed below, when a major crypto promoter maintains documented links to PRC Party institutions and boasts about high-level government connections, the question for Congress is could those ties be leveraged to compromise U.S. market integrity, or impact regulatory or enforcement decisions? Sun’s documented interactions with PRC and CCP entities, combined with Tron’s substantial global reach, present a plausible vector for state influence over assets widely accessible to U.S. investors. The record summarized below—spanning Party School affiliations, Party-aligned publications, PRC corporate beneficiaries, and Sun’s own admissions—demands a clear, public accounting from the Commission. The SEC complaint itself describes Sun as “a Chinese national and crypto asset entrepreneur. . . . [who] is currently the Permanent Representative of Grenada to the World Trade Organization and is believed to be living in Singapore and/or Hong Kong.” Tron Foundation Limited is described as a Singaporean company, but “ten percent [of the TRX initial coin offering was intended to be] . . . allocated to “Peiwo Huanle (Beijing) Technology Co., Ltd.” (“Peiwo”), [a] Chinese company that Sun founded, owned and controlled.” A news article recently described Sun as “China’s revolutionary crypto visionary,” and Sun held a press conference in Hong Kong as recently as this November. Moreover, the U.S. District Court for the Southern District of New York released an opinion in October that states “Sun is believed to domiciled in China” and “Sun resides in China.”⁴¹

But his connections to the PRC and CCP may run deeper than what is described in the SEC’s complaint and legal decisions. News reports suggest Sun fled the PRC following its crackdown on initial coin offerings. However, the same report indicates Sun subsequently returned to the PRC and conducted key business functions from Beijing. As one article described it, Sun “seemed intent on putting a Chinese imprint on the company [and] . . . decided to consummate the marriage between BitTorrent and Tron with a summit meeting at Tron’s Beijing headquarters.” In 2021, Justin Sun announced he was joining a research project at China’s Central Party School—the Communist Party’s cadre-training institution—as a deputy leader on a project to explore “blockchain-based social governance,” in partnership with the China Academy of Information and Communications Technology.⁴² Observers saw the move as signaling close ties with Chinese authorities, as the research team included members from the People’s Bank of China, Central Cyberspace Administration—PRC’s internet censor—as well as scholars from the China Information Association, Tsinghua University, and Peking University.⁴³ In 2022, China’s official “Study Xi, Strong Nation” app—a platform tied to CCP ideology and propaganda—published an article about blockchains by Sun. The Verge reported Sun referenced pressure from unnamed Chinese “leaders,” saying

⁴⁰ Reuters, “US SEC, Tron founder Justin Sun explore resolution of civil fraud case” (Feb 26, 2025), available at <https://www.reuters.com/legal/us-sec-tron-founder-justin-sun-explore-resolution-civil-fraud-case-2025-02-26/#:~:text=More%20recently%2C%20Sun%20has%20become,is%20a%20World%20Liberty%20adviser> (Accessed Jan. 12, 2026).

⁴¹ *Hardin*, 20-CV-2804 (VSB) (S.D.N.Y. Oct 23, 2024), available at <https://casetext.com/case/hardin-v-tron-found-2> (Accessed Jan. 12, 2026).

⁴² Coindesk, “Justin Sun Joins Research Project at Communist Party School: Justin Sun flaunted his new partnership with the CCP on social media.” (Sep. 14, 2021), available at <https://www.coindesk.com/markets/2021/07/27/justin-sun-joins-research-project-at-communist-party-school> (Accessed Jan. 12, 2026).

⁴³ *Id.*

“my time is not my own... my body is not my own,” suggesting obligations to powerful officials.⁴⁴ Also in 2022, Sun was appointed in a teaching position at the PRC’s Central Party School.⁴⁵ Sun himself allegedly bragged to colleagues about his government connections and even claimed to have been a member of the Chinese People’s Political Consultative Conference (CPPCC), prominent advisory body in the PRC that often includes business magnates and is intertwined with CCP.⁴⁶

There are additional connections between Sun and his Tron blockchain and the CCP. One allegation comes from an on-chain detective known as “BoringSleuth.” In October 2023, BoringSleuth released an analysis claiming that Tron’s early token distribution was dominated by a Chinese criminal syndicate with CCP. Specifically, he found that 17 of the top 20 wallets from Tron’s 2017 ICO (which collectively received 98% of the TRX token supply) were created and controlled by what he described as an infamous crypto crime cartel “connected to the CCP.”⁴⁷

Undoubtedly, the facts of this matter would be concerning even if they involved purely domestic considerations. Given the potential for foreign leverage over market participants and platforms accessible to U.S. investors, the Commission must demonstrate that its enforcement and supervisory decisions have been—and will remain—free from foreign pressure or interference. The involvement of a PRC national who the SEC believes may reside in Hong Kong raises a set of questions regarding the susceptibility of the SEC to potential foreign influence.

Note to Whistleblowers

The Committee encourages any current or former SEC employee, or any other person, with information relevant to this matter to contact the Committee directly via the Committee’s Whistleblower Form, available at <https://democrats-financialservices.house.gov/forms/form/?ID=3107>. Whistleblower protections under federal law prohibit retaliation against those who provide information to Congress.

Conclusion

The SEC’s decision to seek a stay of its strong case against Sun, during a time when Sun has sought to curry favor with the Trump Administration by investing millions of dollars in Trump family businesses, threatens to undermine investors’ confidence in the SEC. Without a strong, independent SEC, capital formation will undoubtedly suffer, as would our real economy. The SEC’s request to stay the Sun case, which has now been in place for 11 months, signals to the market that securities laws are enforced selectively, and that those with sufficient political influence can evade accountability. This outcome betrays both the SEC’s statutory mission and the investors who rely on its protection. We therefore ask that the SEC seek to lift the stay of the Sun case or negotiate a settlement that obtains financial and equitable relief for harmed investors similar to that it could have obtained had it obtained a favorable judgment in the case.

We also ask that the SEC respond to a Letter, sent separately, that includes requests for the production and preservation of documents. That Letter raises important questions in need of answers and seeks documents

⁴⁴ The Verge, “The Many Escapes of Justin Sun,” (March 9, 2022), available at <https://www.theverge.com/c/22947663/justin-sun-tron-cryptocurrency-poloniex> (Accessed Jan. 12, 2026).

⁴⁵ *Id.*

⁴⁶ “Casten, Merkley Demand SEC Oversight of CCP-Linked Billionaire Who Invested \$75M Into Trump’s WLF” (Sep. 17, 2025)), available at <https://casten.house.gov/media/press-releases/casten-merkley-demand-sec-oversight-of-ccp-linked-billionaire-who-invested-75m-into-trumps-wlf> (Accessed Jan. 12, 2026).

⁴⁷ Cryptorank.io, “Crypto Drug Cartel Ties: On-chain Investigator Drags Ethereum Into the Mess,” (Oct. 4, 2023), available at <https://cryptorank.io/news/feed/2489d-ethereum-crypto-drug-cartel-ties> (Accessed Jan. 12, 2026).

and information regarding these events and actions has been sent separately to you. The letter asks you to immediately preserve and produce all documents and communications regarding the SEC's decision to pursue a stay of the SEC's strong case against Sun, including any communications with third parties seeking to influence the outcome of the case. The Letter also seeks information related to the potential silencing of SEC staff that disapproved of the SEC's decision to reverse course, or any negative impact on the SEC staff who worked on the Sun case. The Letter also seeks information related to the SEC's knowledge of Sun's ties to the People's Republic of China and any CCP-affiliated persons or entities. Finally, the Letter includes a number of questions aimed at understanding the basis for the Commission's decision to stay the Sun matter and the extent to which Sun's personal and financial relationships to the Trump family were factors in any enforcement decision. Your response to the Letter is essential to Congress's ability to meet its constitutionally-mandated oversight obligations and deserves your immediate attention.

Sincerely,



Maxine Waters
Ranking Member
Committee on Financial Services



Brad Sherman
Member of Congress
Ranking Member, Subcommittee
on Capital Markets



Sean Casten
Member of Congress

CC:

The Honorable French Hill, Chairman, House Financial Services Committee

The Honorable John Moolenaar, Chairman, House Select Committee on the Strategic Competition between the U.S. and the CCP

The Honorable Raj Krishnamoorthi, Ranking Member, House Select Committee on the Strategic Competition between the U.S. and the CCP