

Commercial Litigation Insights: Maybe Now the SEC Will Let Crypto Be: Will the SEC's Crypto Task Force and the Crypto Czar's Working Group Find Harmony?

April 16, 2025

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Are the tides turning? Digital assets are slowly entering the conversation alongside traditional assets. What was once ethereal and somewhat elusive, operating outside the confines of the U.S. securities regime and in the dark, is now being pulled into the light... maybe.

On January 21, 2025, the Acting Chairman of the Securities and Exchange Commission (the "SEC"), Mark T. Uyeda, launched a Crypto Task Force, a first for the SEC. At the head of the Crypto Task Force is SEC Commissioner Hester Peirce.^[1] Given her support for cryptocurrency, crypto enthusiasts affectionately refer to Hester Peirce as 'Crypto Mom'.^[2] In the past, with former SEC Chair Gary Gensler at the helm, the SEC relied on enforcement actions to regulate crypto. Now, instead of enforcement proceedings, the Crypto Task Force seeks to regulate crypto by developing a clear and comprehensive regulatory framework. Only time will tell how it is implemented and how it will impact blockchain companies and exchanges, let alone what challenges may arise for companies that have thrived while flying 'under the radar'.

The Crypto Task Force has been given an ambitious mandate, including^[3]:

1. To develop a clear and comprehensive regulatory framework: The Crypto Task Force is tasked with creating a clear and consistent regulatory structure for cryptocurrencies (including stable and non-stablecoins) and blockchain-based technologies broadly. The idea is that an easy-to-understand regulatory structure will reduce uncertainty in the crypto market.
2. To ensure consumer protection: Two major issues investors face in this space are cryptocurrency scams and pump-and-dump schemes.^[4] Retail investors are especially at risk. The Crypto Task Force seeks to prevent fraud and market manipulation, and advocates for digital asset financial literacy to lower risks for retail investors.
3. To provide directions to issuers: The Crypto Task Force is to craft sensible disclosure frameworks, provide realistic paths to register digital assets, and work with cryptocurrency issuers so that digital assets have regulatory pathways to legitimacy like traditional assets.

Separately, and only two days later on January 23, 2025, U.S. President Donald Trump signed Executive Order 14178, titled "Strengthening American Leadership in Digital Financial Technology".^[5] This Executive Order establishes what is formally known as the Presidential Working Group on Digital Asset Markets (the "Working Group").^[6] The Working Group is chaired by David Sacks, who is commonly referred to as the 'Crypto Czar'.

The Working Group has a few goals, including^[7]:

1. To increase access to digital assets: The Working Group has been directed to help protect and promote the ability of individuals and entities to use blockchain technologies without persecution, including the ability to develop and deploy software, to participate in mining and validating, to transact with other people without unlawful censorship, and to maintain self-custody of digital assets.
2. To foster innovation and economic growth: The Working Group's mandate includes promoting the growth and development of the digital asset industry by supporting innovation in fintech so that the U.S. remains competitive globally.
3. To prevent the creation of a U.S. Central Bank Digital Currency ("CBDC"): Interestingly, the Working Group is tasked with prohibiting the development and sale of a U.S. government-controlled CBDC, emphasizing the desire to preserve economic freedom and the new administration's focus on smaller government.

The Crypto Task Force and the Working Group have somewhat overlapping mandates. It will be interesting to see how the two entities work together (or at cross purposes) to advance their mandates. On March 7, 2025, Crypto Mom and Crypto Czar attended their first public meeting together – the White House Digital Assets Summit (the "Summit"). Although the Summit brought some announcements, practical actions are yet to be seen, and more is yet to come.

The market will wait anxiously to see if the Crypto Task Force and the Working Group can reconcile two longtime disparate forces: government regulation and the creative engines of unfettered blockchain. Will these forces combine to form a harmonious pair, or will these bold ambitions run into the stark reality of an ecosystem that has largely thrived outside the spotlight and scrutiny? Only time will tell. One thing is certain: companies in this space will be watching closely for regulatory shifts and opportunities to innovate in the changing U.S. financial system, aiming to be early movers without running afoul of evolving rules.

As the Crypto Task Force and the Working Group begin gearing up to tackle crypto regulation, the broader federal approach to digital assets is evolving in parallel. In a notable development, the U.S. Department of Justice (the "DOJ") recently disbanded its National Cryptocurrency Enforcement Team, signaling a pivot in priorities. Deputy Attorney General Todd Blanche announced that the DOJ will now focus its efforts on prosecuting individuals who use digital assets to facilitate serious crimes, such as terrorism, human trafficking, and organized crime.^[8] This shift away from regulating crypto markets themselves mirrors the federal government's goal to encourage innovation and legitimate market activity, while reserving enforcement for truly illicit uses of blockchain technology. Together, these moves reflect a growing recognition in Washington that digital assets are here to stay and that the challenge now is to balance oversight with opportunity in a way that fosters responsible growth.

The information and comments herein are for the general information of the reader and are not intended as advice or opinion to be relied upon in relation to any particular circumstances. For particular application of the law to specific situations, the reader should seek professional advice.

^[1] ["SEC Crypto 2.0: Acting Chairman Uyeda Announces Formation of New Crypto Task Force"](#), Securities and Exchange Commission, January 21, 2025 ["SEC Announcement"]

^[2] ["Why the SEC's new Crypto Task Force with 'Crypto Mom' Hester Peirce is such a big deal"](#), The Street Roundtable, Zack Guzman, January 23, 2025.

^[3] SEC Announcement, *supra* note 1.

^[4] ["Crypto Scammers Capitalize on Political Uncertainty as Securities Regulators Warn of Increasing Sophistication of Online Investment Frauds"](#), WeirFoulds LLP, Jessica Stansfield and Denna Jalili, March 14, 2025.

[5] [“Executive Order 14178—Strengthening American Leadership in Digital Financial Technology”](#), The American Presidency Project, January 23, 2025; [“STRENGTHENING AMERICAN LEADERSHIP](#)

[IN DIGITAL FINANCIAL TECHNOLOGY”](#), The White House, January 23, 2025 [the “Executive Order”]

[6] [“Crypto Task Force”](#), U.S. Securities and Exchange Commission.

[7] [“President Trump signs Executive Order on Digital Assets entitled “Strengthening American Leadership in Digital Financial Technology”](#)”, Reed Smith, February 7, 2025; The Executive Order, *supra* note 5.

[8] [DOJ ends crypto enforcement team, shifts focus to terrorism and fraud](#), CNBC, MacKenzie Sigalos, April 8, 2025; [Justice Department will disband its crypto-related enforcement team](#), Yahoo! Finance, Alan Suderman and Alanna Durkin Richer, April 8, 2025.

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