

## Crypto Regs Could See A Reset Under The Next President

By **Liam Murphy** (August 23, 2024, 3:22 PM EDT)

The 2024 presidential election is in full swing. And the candidates — Vice President Kamala Harris and Minnesota Gov. Tim Walz, and former President Donald Trump and Sen. J.D. Vance, R-Ohio — are racing for the White House.

Although the candidates face a host of geopolitical and domestic problems as both the Republicans and Democrats aim to persuade independents and undecided voters, one wedge issue has recently seen the spotlight: the level of regulatory scrutiny to impose on the domestic crypto industry.



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So far, we've seen Trump highlight the unpopularity of the Biden administration's regulatory crackdown on the crypto industry, led primarily by U.S. Securities and Exchange Commission Chair Gary Gensler's aggressive enforcement actions. Trump has vowed to "end Joe Biden's war on crypto" and to "ensure that the future of crypto ... will be made in America."<sup>[1]</sup>

But since Harris replaced President Joe Biden as the Democratic nominee this summer, we have seen Democrats and crypto lobbyists attempting to reset Harris' positions on crypto.

And in recent weeks, there have been signs that Harris will aim to distance herself from the harsh regulatory scrutiny of the crypto industry during the past four years.

This shift aligns with the broader adoption of cryptocurrencies in 2024, the best example of which is the billions of dollars in funds flooding into bitcoin and ethereum exchange-traded funds since debuting this year.

This article analyzes statements from the candidates — Trump, Vance, Harris and Walz — and their campaigns to glean how each party might regulate the crypto industry if its candidates win the White House.

### Trump Campaign and Crypto

Trump's crypto positions have changed since he was president. In 2019, Trump stated that he was "not a fan of bitcoin and other cryptocurrencies" because the "value is highly volatile and based on thin air" and "can facilitate unlawful behavior."<sup>[2]</sup>

Since then, Trump has firsthand seen the new digital currencies' value in practice. Trump's financial

disclosures show that he holds between \$1 million and \$5 million in ethereum and that he earned roughly \$7.15 million from an NFT licensing agreement.[3] Trump is affiliated with several projects involving the nonfungible tokens, including digital trading cards bearing his name.[4]

Trump's campaign appears to have performed a 180 on crypto, and Trump is now the self-proclaimed first crypto president.[5]

Trump's campaign is notably the first major-party presidential candidate to accept crypto donations, including donations in bitcoin, ethereum and dogecoin.

The Trump campaign has reportedly received a \$1 million donation in ethereum from Kraken's founder, Jesse Powell, and donations of \$1 million each from investors Tyler Winklevoss and Cameron Winklevoss.[6]

The Trump campaign also reportedly raised between \$20 million and \$25 million for headlining a bitcoin conference in Nashville last month.[7]

From Trump's recent statements, including his keynote at the bitcoin conference, there are four takeaways signaling his administration's permissive policy positioning favoring the crypto industry.

### ***SEC Enforcement***

At the bitcoin conference Trump stated, twice, "On day one, I will fire Gary Gensler and appoint a new SEC chairman." [8] Although a president's legal authority to remove the chair of an independent federal agency is at least questionable, SEC chairs historically resign after the White House shifts from one party to the other, such that Gensler is not likely to continue in any future Trump administration.[9]

What's clear is that, if elected, Trump will aim to install an SEC chair who shares his views on deregulation and that views enforcement differently than Gensler.

### ***National Bitcoin Reserve***

Trump has recently announced his support for establishing a national bitcoin reserve. At the bitcoin conference, Trump announced, "it will be the policy of ... the United States of America, to keep 100 percent of all the Bitcoin the U.S. government currently holds or acquires into the future. We'll keep 100 percent. This will serve, in effect, as the core of the strategic national bitcoin stockpile." [10]

The U.S. already holds 210,000 bitcoin confiscated by law enforcement — about 1% of the total supply — and that he would order the government to hold on to its bitcoin seized through federal enforcement efforts, instead of selling the bitcoin for dollars.[11]

### ***Bitcoin Mining***

Trump said that he wants the remaining bitcoin to be mined in America and wants America to be a bitcoin mining powerhouse, consistent with Trump's stance that technology should be developed domestically.

Trump recently said that "If Bitcoin is going to the moon" then he wants "America to be the nation that leads the way." [12]

Trump has couched his policies toward bitcoin mining in America-first terms, stating in a post on Truth Social, for example, that "Any policy that seeks to hamper Bitcoin only helps China and Russia." [13] While notably Beijing has banned the practice of bitcoin mining, China still comes in second place, after the U.S., in the percentage of the bitcoin network's miners. [14]

### ***Vice Presidential Candidate***

Trump's selection of Vance also shows a tilt toward the crypto industry. Like Trump, Vance personally owns cryptocurrencies, has a wide network of procrypto donors, like Peter Thiel, and has been an outspoken critic of Gensler.

Earlier this year, for example, Vance wrote a letter to Gensler, raising ethical concerns over an SEC enforcement action against crypto firm Debt Box. [15] Vance reportedly is circulating a draft bill favored by the crypto industry; potentially even more than the Financial Innovation and Technology for the 21st Century Act., or FIT21, which was approved by the House last month and designates the Commodity Futures Trading Commission as the exclusive U.S.-regulator of crypto. [16] Vance also supported repealing SEC Staff Accounting Bulletin 121 — which mandates that institutions holding crypto must record these holdings as liabilities — and voted with the majority the Senate to repeal the bulletin (but Biden vetoed the bipartisan repeal). [17]

### **Harris Campaign and Crypto**

On July 21, Biden dropped out of the 2024 presidential race and endorsed Harris. Since then, reports from Democrats and from the new Harris campaign have signaled a willingness to consider resetting relations with the crypto industry by departing from the previous administration's harsh regulatory posture and supporting procrypto legislation.

In contrast to Trump, Harris' campaign has not mentioned crypto. Walz has not commented on crypto regulation, and his legislative record sheds no light on his position of the appropriate level of regulatory scrutiny to impose on the crypto industry.

But over the last month, since Harris replaced Biden, there are three signals from her party indicating a potential opening for Harris to depart from Biden's record and to adopt the positioning of procrypto Democrats.

### ***House Democrats' Letter***

On July 26, 14 House Democrats wrote a letter to the Democratic National Committee and the Harris campaign, urging Harris to adopt procrypto messaging as part of the party's platform.

The letter explained, "Over 52 million Americans have embraced digital assets. ... 19% of voters have bought crypto, 19% self-identified as Democrats, 18% as Republicans, and 24% of crypto-owning voters are independent." The letter further explained:

Crypto is at the top of voters' minds in swing states, and a balanced approach to crypto that spurs innovation while protecting consumers is a net positive for policymakers and candidates. Over 20% of voters in key battleground states identified crypto as a major issue in the 2024 election, and it is critical that our party presents a persuasive case to crypto voters. [18]

The letter claimed that it was the "emerging stance of the Democratic Party" to support procrypto legislation and, ultimately the letter called for the Harris campaign to: (1) include pro-digital asset language in the party's platform, (2) select a vice presidential candidate sophisticated in digital asset policy, (3) select a pro-innovation SEC Chair, and (4) engage with industry experts.[19]

### ***Crypto Specialists Join Campaign***

Since this call to action, the Harris team has formed a collective of crypto industry specialists.[20] One new member of Harris' senior staff, David Plouffe, was former President Barack Obama's 2008 campaign manager and has since worked at crypto exchanges, including Binance.

Other notable industry professionals who have joined forces to support the Harris campaign include Mark Cuban, billionaire and critic of Gensler; Gene Sperling, former Ripple board member; J.P. Thieriot, former CEO of Uphold; and Sheila Warren, CEO of the Crypto Council for Innovation.[21]

Unlike Trump, Harris' financial disclosures show no crypto investments.[22]

### ***Crypto4Harris***

Senate Majority Leader Chuck Schumer, D-N.Y., is aiming to convince the crypto industry to support Harris by promising Democratic support for legislation that provides a clear regulatory structure for the crypto industry to thrive under.

Per this initiative, on Aug. 14, Schumer spoke at a town hall of the group called Crypto4Harris, where he said, "Congress has a responsibility to provide common sense and sound regulation on crypto."

Schumer mentioned the FIT21 House-passed bill spearheaded by Republicans, as well as a draft bill from the Senate Agriculture Committee. Sen. Debbie Stabenow, D-Mich., who chairs the Agriculture Committee, spoke after Schumer at the town hall, where she advocated for her draft bill, which designates the CFTC, as the primary regulator of the crypto industry.[23]

### **Takeaways**

#### ***Trump-Vance***

The Trump-Vance ticket's united opposition toward the regulatory scrutiny of the crypto industry during the Biden administration signals that, if the Republicans win the White House, then we will likely see a new chair of the SEC and a regulatory climate that imposes less government scrutiny from the SEC on the crypto industry.

We also may see tax incentives for domestic crypto miners and exchanges and potentially even the establishment of a national bitcoin reserve, where the U.S. retains and aims to profit from cryptocurrencies seized by law enforcement.

The Republican Party's official platform states that "Republicans will end Democrats' unlawful and unAmerican Crypto crackdown," and states that Republicans "will defend the right to mine bitcoin, and ensure every American has the right to self-custody of their Digital Assets, and transacts free from Government Surveillance and Control." [24]

## **Harris-Walz**

Since Harris became the nominee, we've seen her campaign engage and align with those who are experts from the crypto industry. Aligning with procrypto industry experts signals the Harris campaign's willingness to distance itself from the record number of enforcement actions toward the industry during the Biden administration.[25]

The Harris campaign could endorse a posture similar to Schumer and procrypto Senate Democrats, who support legislation that creates a clear regulatory structure to govern crypto and that encourages crypto companies to grow domestically.

But for now, neither the Democratic Party nor the Harris campaign's official platform mentions crypto. So, we'll continue tracking her campaign's policy positioning along the campaign trail to discover clues as to her stance toward regulating the crypto industry.

## **Conclusion**

Ultimately, whichever ticket wins the 2024 presidential election, moving forward we're likely to see a more permissive regulatory climate toward the domestic crypto industry than what we've seen over the past four years.

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