

Cryptocurrency Legislation Must Include Consumer Protections and Common-Sense Regulatory Priorities.

Issue: Congress has debated various forms of the CLARITY Act for over a year. The House passed its version, H.R. 3633, in July 2025. Currently, the Senate Agriculture Committee marked up related legislation, the Digital Commodity Intermediaries Act (DCIA) which provided a commonsense framework with CFTC/SEC oversight and some investor protection. The Senate Banking Committee is now considering the legislation. Its January 2026 markup was postponed following criticism from Coinbase and others.

Cryptocurrency continues to play an outsized role in financial frauds impacting American investors, including seniors and retirees, and the problem is expanding exponentially. On April 6, 2026, the FBI released statistics in its Internet Crime Report for 2025.¹ The numbers are staggering. Specifically, it reports approximately \$11.36 billion in losses related to cryptocurrency, a 22% increase from 2024, with Americans over 60 years of age reporting over \$4.43 billion in losses. The number of complaints reported to the FBI involving cryptocurrency have increased over 530% since 2021.² The FBI estimates that the numbers of actual victims are at least double what is reported. One common thread in the reporting of senior financial abuse is the exponential increase in the role of cryptocurrency.

Enterprise-wide market participants like Coinbase, Kraken, Binance, and Gemini play a critical role in preventing significant amounts of fraud related to their customers. Maintaining custody over hundreds of billions worth of cryptocurrency for customers, these companies stand on the front lines targeted by fraudsters and scammers. Currently, federal and state requirements are fragmented and inadequate to ensure consistent cybersecurity, “know your customer”, transaction monitoring, and anti-fraud procedures and best practices that protect consumers and investors.

Proposed Solution: Any federal uniform statute governing cryptocurrency market participants whose business models rely on interactions with consumers, seniors, and investors, particularly custodial firms like Coinbase, Kraken, Binance, and Gemini must include certain minimum regulatory and consumer protection frameworks, including:

1. **Implement Mandatory Antifraud Policies with dedicated compliance staff:** For generations, broker-dealers and investment companies have maintained custody of client securities and assets. They have been statutorily mandated to supervise accounts and maintain anti-fraud policies and procedures geared toward consumer and investor protection for almost one hundred years. The cryptocurrency economy should adhere to no lesser standard. The fraud statistics prove business as usual is unsustainable.
2. **Preserve Private Remedies and State Anti-Fraud Enforcement:** Tokenization of securities and digital assets is here to stay. Any final bill must preserve a meaningful private right of action to bring claims for consumers and investors to bring claims against cryptocurrency market participants and ensure state regulators retain authority to enforce anti-fraud laws. Without clear savings clauses preserving state authority, retail investors, especially seniors, lose critical on-the-ground protection against scams that federal agencies cannot address.
3. **Ensure That Regulators are Required to Report to Congress on an ongoing basis:** The digital asset landscape is growing exponentially and is increasingly complex, opaque, and unpredictable. The assets themselves are exceptionally volatile and as the statistics bear out, fraud related to digital assets is expanding exponentially year over year. The CFTC and SEC must be required by law to study and publicly report findings to Congress on investment and consumer fraud, customer complaints against exchanges and custodians like Coinbase, scam trends affecting Americans, and to report on market stability and legitimacy.

ASK: We respectfully request that the Senator/Congressperson only vote for legislation that includes consumer protections, a private right of action, and provides no safe harbors at the expense of consumers.

¹ https://www.ic3.gov/AnnualReport/Reports/2025_IC3Report.pdf

² https://www.ic3.gov/AnnualReport/Reports/2021_ic3report.pdf