

Trump administration

Critics slam deregulation of crypto as Trump family expands its footprint in industry

Watchdogs say cryptocurrency regulation and enforcement has plummeted while Trump family invests heavily in it



📷 A bitcoin ATM in Phoenix, Arizona, last year. Photograph: Dominic Valente/Bloomberg via Getty Images

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As **Donald Trump's administration** has cut regulations for the **cryptocurrency** industry, the crypto firm World Liberty Financial, in which the Trump family has a large financial stake, has grown quickly by launching its own “stablecoin” and another digital token, prompting watchdogs and experts to warn of **Trump's** conflicts of interest and economic hazards.

Some key congressional **Democrats** and watchdogs are raising new red flags about the US president's growing conflicts of interest involving

cryptocurrencies and risks to investors and the economy posed by multiple deregulatory crypto actions at federal agencies.

Since taking office again, Trump has tapped crypto industry allies to lead the Securities and Exchange Commission and to serve as his “czar” for crypto and AI who have acted fast to soften industry oversight, troubling critics. Among other moves, the SEC has dropped or put on hold probes and prosecutions of more than a dozen crypto firms.

Further, a justice department memo on 7 April announced **it was disbanding** a national cryptocurrency enforcement team that was set up in 2022, and had brought some high-profile cases against North Korean hackers and other crypto criminals.

The memo stressed that the Department of Justice was not a “digital assets regulator” and sought to tar the Biden administration for a “reckless strategy of regulation by prosecution”, while noting that a January pro-crypto Trump executive order spurred its decision.

Meanwhile, World Liberty Financial, which Trump’s sons Eric and Don Jr have actively promoted, unveiled its stablecoin in late March, as a stablecoin Senate bill - dubbed “the Genius act” and which critics say eases regulatory controls - moved closer to passing. A stablecoin is a cryptocurrency pegged to a traditional currency, or a more stable asset such as gold.

Critics warn that the Senate bill and a similar House bill would further ease regulations on stablecoins, as new studies and watchdogs are noting that these coins and other digital assets are increasingly being used for money laundering by Chinese exporters and producers of fentanyl and other synthetic drugs.

For his part, Trump’s enthusiasm for digital currencies was underscored in March at the first-ever “crypto summit”, where Trump pledged to end the Biden administration’s “war on crypto”.

“I promised to make America the bitcoin superpower of the world and the crypto capital of the planet,” Trump boasted to about two dozen executives from the crypto industry whom he had courted hard during his 2024 campaign and who ponied up millions of dollars to help him win. “And we’re taking historic action to deliver on that promise.”

Trump’s ardent crypto advocacy has prompted economists who follow crypto and some key Senate Democrats to voice multiple concerns about the

president's glaring conflicts of interest with the crypto sector and the broader economic threats that his deregulatory efforts are posing.

"Trump and his family are clearly eager to establish a broad foothold in the sector prior to further regulatory actions that are likely to boost crypto asset valuations," Cornell economist and crypto watcher Eswar Prasad said. "Such investments by the Trump family take potential conflicts of interest to an altogether new level."

More broadly, Prasad warned: "Trump's strong interest in minimal regulation of the crypto sector, even while legitimizing it through official government imprimatur, portends enormous risks ahead for financial stability and particularly for retail investors who venture into this space. This also opens the door to crypto serving as a conduit for illicit finance and for lubricating a wide range of illegal activities."

Similar criticisms are being raised by some top Democrats about Trump's conflicts of interest and the dangers of loosening crypto oversight.

"Donald Trump is enriching himself and his family through their crypto businesses while his administration guts oversight of the market," Senator Elizabeth Warren of Massachusetts said. "It's a massive conflict of interest and a recipe for disaster."

She added: "The SEC has already dropped enforcement actions against crypto firms tied to Trump donors and issued new guidance that could shield the first family's own coins from scrutiny. Congress should step up and pass basic rules of the road that prevent corruption and protect consumers."

Warren and Democratic congresswoman Maxine Waters of California, both ranking members on key panels, this month wrote to the SEC requesting information about its actions that involve Trump family interests with World Liberty Financial.

Warren and Waters focused on the SEC's sudden decision to halt its enforcement case against controversial crypto figure Justin Sun, the leading investor in World Liberty Financial. Sun, who was sued by the SEC in 2023 for fraudulent market manipulation and other alleged misconduct, announced a \$30m investment in World Liberty Financial last year which was later increased to \$75m. Earlier this year, the SEC quietly halted its case against Sun, raising concerns about whether Trump's financial interests influenced the agency's decision-making, according to the letter.

Trump and his family have downplayed concerns about conflicts of interest.

In January, the Trump Organization said the president's business interests including his assets and investments would be placed in a trust that his children would manage and that Trump would play no part in decision-making or daily operations. The Trump family also tapped a lawyer to act as an ethics adviser.

Nonetheless, crypto watchdogs and experts say Trump's conflicts are underscored by the ways that the president's political muscle to boost the crypto industry has seemed to overlap moves by World Liberty Financial to expand its crypto business.

The day before the 7 March **"crypto summit"**, Trump issued an executive order establishing a national stockpile of bitcoin and other kinds of cryptocurrencies, a pro-crypto industry plan that's drawn fire from watchdogs for its economic risks.

Before Trump announced his plan, Prasad warned that creating a national bitcoin stockpile would be "neither a strategic nor sensible idea but instead benefit bitcoin holders while sticking US taxpayers with the bill and exposing the government to financial risks".

Little wonder that the elite industry executives who attended the "crypto summit" the day after Trump's national stockpile order greeted him with loud applause.

"Many of you have been fighting for years for this," the president said about his various pro-crypto moves. Trump told the executives he favored "simple, commonsense rules" for stablecoins, adding that they would "expand the dominance of the US dollar".

Just weeks later, World Liberty Financial unveiled its new stablecoin, dubbed USD1 and pegged to the dollar, which could benefit from the Trump administration's deregulatory actions.

The growth of World Liberty Financial, which Trump only launched last September on X in a virtual briefing that included Eric and Don Jr, has been fast and eye-popping.

In explaining his new enterprise, Trump on X said that "crypto is one of those things we have to do. Whether we like it or not, I have to do it." A white paper for the new business called Trump "its chief crypto advocate", a notable shift from 2021, when he called bitcoin a "scam".

According to a Reuters report in late March, World Liberty Financial has raised over \$500m dollars in recent months. The Trump family now controls the bulk of the business and is entitled to about \$400m in fees and 75% of revenues from World Liberty Financial's token sales, Reuters revealed.

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In an **eyebrow-raising crypto venture** just days prior to his inauguration, Trump began peddling **\$Trump**, a meme coin. **Memecoins** are a variety of digital currencies often based on viral online jokes that attract fans and speculators.

In another move to promote crypto and the family enterprise, Trump has begun including crypto as part of his social media presence through the Trump Media & Technology Group, the parent company of Truth Social.

Trump Media last month announced plans to work with Crypto.com, a digital currency trading operation, to provide investment products linked to crypto.

Trump's bullishness about crypto and his family business was echoed by Don Jr at a crypto conference in Washington DC organized by an industry trade group.

Speaking on one panel, Trump Jr said that his interest in crypto was spurred by realizing how the general financial system has been "discriminatory" toward conservatives. "The sky is the limit for this," he said.

In yet another new crypto venture, Don Jr and Eric announced in late March that they were investing in a bitcoin-mining operation to create a new entity called American **Bitcoin**.

The murky confluence of the Trump family's World Liberty Financial with the Trump administration's relaxing of crypto oversight is triggering new alarms about conflicts of interest.

“Presidents traditionally try to avoid even the appearance of conflicts of interest,” said Kedric Payne, the general counsel and senior director for ethics at the nonpartisan Campaign Legal Center. “Trump’s connection to the crypto industry is much more than the appearance of a conflict. His financial interests in crypto are a clear and present conflict because he is personally championing laws to promote the industry.

“Voters have a right to know that the president cares more about the ethical integrity of the office than profiting from his own policies.”

Other watchdogs have similar worries about conflicts of interest involving Trump.

“Crypto investors have already lost millions betting on the Trump memecoin, even as Trump and his partners at World Liberty have made millions on them through fees,” said Mark Hays, the associate director for cryptocurrency at the nonpartisan Americans for Financial Reform.

“With the launch of a Trump-backed stablecoin, [World Liberty Financial] and Trump are now effectively issuing their own private currency, while pressuring Congress to pass a bill with light-touch regulations, that would be overseen by crypto-friendly Trump loyalists with regulatory agencies, and daring anyone to object.”

Similarly, Warren also has strong concerns that the Senate stablecoin bill, which has garnered some bipartisan backing, would loosen oversight in dangerous ways.

“Instead of addressing the real dangers posed by crypto money laundering, Senate Republicans are pushing the so-called Genius act without basic safeguards - which would pave the way for criminals, terrorists, drug cartels and foreign adversaries to exploit the financial system.”

Such warnings about crypto’s use by drug cartels and other criminals have taken on new urgency as recent studies have revealed the growing use of crypto by Chinese producers and exporters of fentanyl and other dangerous synthetic drugs.

Kyle Armstrong, a former FBI agent who is now with TRM Labs, which works with law enforcement in dozens of countries to help document and combat illicit drug-money laundering, noted that worries have been growing about “synthetic opioid production and sale involving cryptocurrency”.

“The majority of the factories that manufacture the precursor materials for synthetic opioids are in China,” Armstrong said. A

TRM Labs report on fentanyl in March found that of 120 Chinese factories studied, 97% accepted cryptocurrency, with \$26m in crypto going to them in 2023.

Cryptocurrency-enabled online sales of illicit drugs overall saw a year-on-year growth of over 19% between 2023 and 2024, nearing \$2.4bn.

These statistics could fuel the fears of watchdogs and crypto experts about the sweeping extent of Trump's crypto deregulation and the risks that passage of the Senate stablecoin bill entails.

"Trump's crypto deregulation isn't about innovation," Warren said. "It will mean opening the door for more fraud, more pump-and-dump schemes, and more financial instability that puts everyday Americans at risk."
