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Donald Trump

'Trump's grifting tendencies': how the president's crypto ties could spur corruption

With Trump promising the US will be 'crypto capital of the planet', experts say the industry is poised for laxer oversight



📷 Trump's pro-crypto stances have come as he wooed crypto companies to ratchet up their campaign contributions to help him win the White House. Composite: The Guardian/Getty Images

Peter Stone in Washington

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With [Donald Trump](#) tapping top regulators with cryptocurrency ties and promising to make the US the “crypto capital of the planet”, the controversial and scandal-plagued industry is poised for laxer oversight and faster growth, which ethics watchdogs and ex-prosecutors fear could pose dangers for investors and spur potential criminal abuses.

The president’s pro-crypto stances have come as he wooed crypto companies to ratchet up their campaign contributions to help him win the White House. Although in 2021 Trump called bitcoin a “scam”, he also announced last fall that he and his sons were helping launch a new crypto business, dubbed World Liberty Financial, they can profit from.

Underscoring his own growing ties to the speculative crypto business, Trump in a stark act of self-enrichment days before his inauguration revealed another crypto venture, a personal meme coin dubbed \$Trump which drew strong criticism from ethics watchdogs, economists and some industry insiders.

“The Trump meme coin represents the intersection of Trump’s grifting tendencies and his administration’s embrace of cryptocurrencies, along with his dismissive attitude toward government regulation,” said the Cornell economics professor Eswar Prasad.

More broadly, Prasad foresees that under Trump “regulatory agencies and top administration officials will contribute legitimacy to crypto assets, notwithstanding the highly speculative nature of these investments and the perils of exposing unsophisticated retail investors to their volatility”.

The political fortunes of the crypto industry have soared as its leaders ponied up millions of dollars to help Trump’s campaign and inaugural bashes including a “crypto ball” and accelerated lobbying of the new administration and Congress to achieve their priorities.

In an early sign of laxer oversight for the industry, crypto executives applauded when Trump last month tapped Paul Atkins who founded a pro-cryptocurrency group to chair the Securities and Exchange where he used to be a commissioner.

Moreover, Trump issued an executive order last Thursday to support the growth of cryptocurrency that called for a new working group to explore

establishing a national crypto stockpile and propose new digital asset regulations, fulfilling his promise to revamp crypto policies.

Trump has also earned kudos from crypto companies for appointing David Sacks, a Silicon Valley venture capital mogul who helped found PayPal and has good ties with the billionaire and crypto enthusiast [Elon Musk](#), to be the first crypto and AI czar in his new administration.

At the crypto ball Sacks declared the “reign of terror against crypto is ending”. The same night Trump took to his Truth Social platform to launch \$Trump, which has no inherent value but whose price soared before Trump’s inauguration increasing his paper worth by billions of dollars.

Trump’s blatant mixing of his political efforts to boost crypto via less regulation and his own pursuit of crypto wealth have sparked strong criticism from watchdogs and experts.

“Most people who have any concern for basic ethical principles, not to mention the specific rules and norms of government ethics, would find Trump’s launching a cryptocurrency token as he is about to be inaugurated as president outrageous,” said the ex-Federal Election Commission general counsel Larry Noble, who now teaches law at American University.

“The anonymity involved with cryptocurrency transactions will apparently allow anyone looking for favorable treatment from Trump’s administration, including US businesses, as well as foreign actors and countries, to participate in making Trump wealthier than ever by just buying his token.”

Other critics offer equally harsh assessments of Trump’s crypto ploy, in which Trump organization affiliates reportedly have an 80% stake.

“The coin’s value could be influenced by his actions or policies once in office, particularly as Trump has said he will be more crypto-friendly, which likely will further inflate the coin’s value at least temporarily,” said Richard Painter, George W Bush’s chief ethics counsel who teaches law at the University of Minnesota.

Likewise in a broader critique, the Democratic senator Elizabeth Warren of Massachusetts told the Guardian: “Trump should be focused on lowering costs for Americans, not conning them out of their savings to juice the value of crypto tokens for himself and his family.”

Trump’s wife, Melania, launched her own meme coin \$Melania not long after her husband’s.

Some experts are worried too about wider risks to the economy stemming from proposals for creating a bitcoin reserve for the US which Trump has suggested he may back and some top industry leaders favor.

“Establishment of a bitcoin reserve would give the cryptocurrency an official imprimatur and result in the US government taking on the risks associated with its price volatility,” Prasad said.

Prasad added: “This is neither a strategic nor sensible idea but instead benefits bitcoin holders while sticking US taxpayers with the bill and exposing the government to financial risks. The US government would become a key driver of bitcoin’s price on the way up and down.”

Such criticisms seem unlikely to deter the Trump administration’s pro-crypto momentum which is being fueled by industry lobbyists with strong Trump ties and tens of millions in campaign spending that benefitted congressional allies and Trump.

Top crypto companies expanded their influence efforts in recent weeks by ponying up millions of dollars to Trump’s inaugural, and hiring high-profile lobbyists who have been top fundraisers for Trump and boast strong ties to him.

Among others, the crypto firm Ripple pledged \$5m of its own cryptocurrency to the inaugural, making it one of the largest donors. Ripple’s outside lobbying team includes Michael Best Strategies whose board is chaired by Trump’s ex-chief of staff Reince Priebus.

After Trump’s election, Ripple also hired power lobbyist Brian Ballard who has been a major Trump fundraiser since 2016. Ballard Strategies, his eponymous lobbying firm, also represents Robinhood, a key industry trading platform which chipped in \$2m to the inaugural.

Trump’s ardent wooing of crypto leaders was apparent at a bitcoin conference last summer where he vowed to oust SEC chair Gary Gensler who industry leaders disliked for his tough regulatory actions, and Trump pledged to make the US “the bitcoin capital of the world”.

Trump’s personal enthusiasm for alternative currency was highlighted last September when he announced on Musk’s X that his family including Eric and Don Jr were helping launch World Liberty Financial, a crypto venture that they can profit from financially though they won’t manage.

Last month, World Liberty was a prominent player at a lavish two day bitcoin event in Abu Dhabi that featured a keynote talk by Eric Trump. The

conference also drew Trump's special Middle East envoy, Steve Witkoff, who helped to found World Liberty which now boasts as its top investor Chinese-born entrepreneur Justin Sun, who attended the Abu Dhabi event and has reportedly pumped \$75m into World Liberty, has led another crypto firm called Tron that has drawn regulatory scrutiny. In 2023, the SEC filed fraud charges and other securities law violations against Sun and three of his wholly owned companies including the Tron Foundation Limited.

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At the Abu Dhabi bash, Eric Trump promised that his father would be the “most pro-crypto president in the history of America”.

Despite Trump's public backing for crypto and his own financial stakes in the business, there are mounting signs of crypto abuses which trouble critics.

Among the worries are various criminal abuses of the currency including by some dangerous foreign actors linked to [North Korea](#).

Last month, a study by a leading blockchain firm, Chainalysis, found that North Korean hackers had stolen \$1.34bn of cryptocurrency in 2024, a record sum and double what they stole in 2023.

The report concluded that US and foreign analysts believe that the stolen funds were being used to “finance its weapons of mass destruction and ballistic missile programs”.

In the US, too, major crypto fraud schemes have triggered alarms.

Sam Bankman-Fried, who founded the now bankrupt FTX crypto exchange, was sentenced to 25 years in prison last March by a New York judge for bilking customers out of \$8bn.

More broadly, the FBI revealed in an annual report last September that fraud related to crypto businesses skyrocketed in 2023 as Americans suffered \$5.6bn in losses, a 45% jump from the prior year.

Such abuses have prompted crypto critics to urge stronger - not weaker - cryptocurrency regulations to stymie fraudsters and the potential for wider economic fallout.

“There is substantial risk that our next financial crisis could result from inflation of the value of crypto currency (ie a bubble), just as the last crisis arose from securities-based swap agreements and mortgage back securities which prior to 2008 were loosely regulated,” said Painter.

Warren stressed that Congress ought to work in a “bipartisan way to set common sense rules of the road for crypto that facilitate competition and innovation and have real safeguards to protect our national security and protect consumers, investors and our broader financial system from potential shocks”.

Other senior **Democrats** foresee meme coins undermining campaign finance curbs.

“The crypto meme coin could spell the end of any campaign finance law as we know it,” said the Democratic representative Jamie Raskin of Maryland. “It’s an opportunity for an interested donor to put millions or billions of dollars in the possession of a politician. If there’s a foreign or domestic interest that wants to secretly channel money to the president they can do it this way.”

Former prosecutors too raise red flags about crypto criminal schemes.

“The crypto world is just the latest context in which fraudsters and grifters have learned to operate. It’s a shiny new object that people want to reach for in the hope that it will make them rich,” said the ex-federal prosecutor Stefan Cassella, who heads the firm Asset Forfeiture Law.

“Cryptocurrency has given rise to a world of ephemeral assets, marked by a complexity that few understand and a vocabulary that few have mastered, that has created opportunities for criminals and challenges for law enforcement that simply did not exist in any prior age.”

Other ex-prosecutors are also quite concerned about the spread of crypto fraud.

“Crypto crime is the manifestation of a new reality in global economic crime - an anonymized digital highway to both commit and conceal the proceeds of organized criminal activity,” said Paul Pelletier, former acting chief of the fraud section at the justice department.

“Because sophisticated criminal actors recognize that law enforcement presently cannot effectively monitor or stymie the activity, malevolent state actors like North Korea exploit these weaknesses to fleece billions from unsuspecting victims across the globe.

“It is imperative that US law enforcers and regulators actively and aggressively develop sophisticated surveillance systems to deter this emerging and enlarging threat. Sadly, they seem to be moving in the opposite direction.”

This article was amended on 27 January 2025 to correct an editing error omitting a letter from the \$1.34bn figure said to have been stolen by North Korean hackers.
