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GUEST ESSAY

‘A Blatant and Gargantuan Conflict of Interest’

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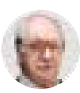

By Thomas B. Edsall
Mr. Edsall contributes weekly essays from Washington on politics and demographics.

The Trump family’s crypto business exemplifies all of the sleaziest aspects of the president’s code of conduct, if we can call it that.

It is almost certainly unconstitutional and may well be illegal. Estimates vary, but according to a cryptocurrency analytics firm reported on in The Times, the Trumps made at least $1.4 billion, and their investors lost nearly $4 billion from purchases of Trump-linked crypto. These purchases have — let’s say — coincided with pardons, dropped investigations and favorable regulatory decisions.

This crypto scheme is central to President Trump’s personal agenda: to use his office to vastly increase his and his family’s fortune.

The icing on the cake: A growing number of economists and financial analysts argue that crypto is itself a fiction, lacking a backup system of gold, silver or perhaps most important a national government, ordinarily considered essential ingredients of a currency.

As far back as October 2018, Nouriel Roubini, an economist at N.Y.U., testified before the Senate Committee on Banking, Housing and Urban Affairs: “It is clear by now that Bitcoin and other cryptocurrencies represent the mother of all bubbles.”

In September of 2022, Jamie Dimon, chief executive of JPMorgan Chase, declared: “I’m a major skeptic on crypto tokens.” Dimon went on to suggest that they are “decentralized Ponzi schemes.”

In 2023, Steve Hanke, a professor of applied economics at Johns Hopkins, dismissed crypto: “Bitcoin is a bubble. It has no inherent value and is terribly overpriced.” He added that “buying Bitcoin is a fool’s game.” It’s a critique he has repeated often since then.

I asked a wide range of crypto experts about the Trump family’s involvement in the industry, and more than half pointed me to an independent analyst, Molly White, who regularly produces detailed reports for her newsletter, Citation Needed.

White, whose work has been praised in The Washington Post, The Los Angeles Times and The Guardian, emailed her reply to my queries: “I wouldn’t say that running a crypto business inherently would lead to corrupt transactions, except that crypto is extremely poorly regulated."

However, White continued,

> shady actors are extremely normalized in the crypto world so the usual reputational screening that might keep someone like that from investing in a business doesn't seem to apply.
>
> I do think Trump's dealings are both illegal and unconstitutional. While it's challenging to definitively prove a quid pro quo, the sheer number of times an individual or company has supported Trump's campaign or invested in his crypto businesses and then quickly enjoyed favorable policy treatment or regulatory relief is so long it's hard to believe it's all coincidence.
>
> The deals with the U.A.E. and the business with Justin Sun are particularly fishy. There should be serious investigations into all of this, whether under the foreign emoluments clause or 18 USC §201, and Trump should face both impeachment and criminal consequences.

Speaking of the last national election, White wrote, "the crypto industry was quite successful in politics in 2024, installing at least six new pro-crypto senators and more than a dozen representatives."

With Trump in the White House and Republicans in control of Congress, White said, the key regulatory agencies are controlled by "loyalist, pro-crypto commissioners."

Candidates supportive of the crypto industry, which has spent millions already and is expected to spend hundreds of millions on politics over the next few years, have a mixed record, White wrote:

> Christian Menefee defeated vocal crypto opponent Al Green in TX-18. But they've also had some big losses: Juliana Stratton won her Democratic Senate primary in Illinois despite nearly $8M in crypto opposition spending, La Shawn Ford won his Democratic primary in IL-7 despite $2.5M in opposition, and incumbent Democratic crypto ally Shri Thanedar just lost his primary in MI-13.

Some of the economists who study crypto are equally critical of the industry.

Eswar Prasad, a professor of international trade policy at Cornell University and a senior fellow at the Brookings Institution, wrote in an email, "Trump's explicit boosterism of the crypto industry, which has given the industry greater legitimacy along with lax regulation, has gone hand in hand with the Trump family's extensive financial entanglements with the cryptocurrency ecosystem."

Those policies, Prasad contended, constitute "a blatant and gargantuan conflict of interest."

Prasad's critique doesn't stop there:

> Trump and his family have hardly been shy about cozying up to crypto tycoons and have been quite brazen in their pay-for-play approach to this sector.
>
> Crypto executives willing to provide financial support to the Trump family's crypto-related ventures have received access to the president and top officials, favorable regulatory rulings and even pardons when convicted of crimes.

Trump's crypto policies, in Prasad's view, "portend 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."

Prasad described as particularly egregious the attempt by World Liberty Financial, one of the Trump family's crypto businesses, to prevent Justin Sun from selling any part of his $75 million investment in digital coins — a dispute described by my news-side colleague David Yaffe-Bellany on April 22 in "Crypto Entrepreneur Files Fraud Suit Against Trump Family Firm."

"It is surreal," Prasad wrote,

> to have the Trump family not only profiting off a financial venture that features glaring conflicts of interest but doing so in a way that blocks other investors from sharing in the gains.
>
> The extensive conflicts of interest and the asymmetric treatment of other investors make this a staggering violation of basic norms that ought to govern the actions of holders of any public office, let alone the presidency of the United States.

In one brief paragraph, Nicholas Weaver, a senior research scientist at Berkeley’s International Computer Science Institute, captured the appeal of crypto to Trump and the dangers the industry poses for potential investors: “Everything in cryptocurrency is zero-sum at best and negative-sum in most of the cases, so every $ ‘made’ by someone comes at someone else’s expense.”

A June 9 investigation by a Reuters reporter, Tom Bergin, “Parsing the Trumps’ Crypto Profits, Investors’ Losses,” affirms the validity of Weaver’s comment.

Bergin’s conclusion?

“The Trump family has made $2.3 billion from crypto with little to no downside risk, while other investors have lost $2.3 billion, including paper losses, as of the end of April.”

Not only did Trump and his family rake in millions and millions by any accounting, they risked little if anything in creating their crypto businesses, Bergin wrote: “Startup costs for the Trumps’ largest crypto venture, World Liberty Financial, and the $TRUMP meme coin project probably came in at less than $1 million — and possibly much less.”

In the case of two Nasdaq-listed crypto companies that earned the Trumps millions, ALT5 Sigma, now named AI Financial Corporation, and American Bitcoin, Bergin “found that where Trump share ownership was reported, the interests involved had been acquired at no monetary cost. There was no evidence that the Trumps injected cash into the companies.”

It’s clear that the underlying logic — or lack thereof — is a subject of fascination for some economists.

Lee Reiners, a lecturing fellow at the Duke Financial Economics Center, was especially helpful in his response to my questions. I asked Reiners, “Does the business model invite corruption, and is any of it illegal?”

He replied by email:

> Separate three questions: whether the structure invites corruption, whether it violates the Constitution and whether it is a crime. The answers are yes, probably, and not on the current public record.
>
> A token is a bearer instrument. Anyone anywhere can buy it, with no contribution limit, no disclosure requirement and no need to identify themselves. Someone who wants to move money to the president’s family can now do it from a phone. His crypto assets are tailor-made for anyone who wants to buy influence with the president.

Reiners cited two examples to buttress his case:

> MGX, an Abu Dhabi state-backed fund, used USD1 to settle a $2 billion investment in Binance, handing World Liberty the interest on a $2 billion float. Binance was lobbying for a pardon for its founder, Changpeng Zhao, at the time. Trump pardoned Zhao in October 2025.
>
> Separately, the S.E.C.’s fraud case against Justin Sun was paused in February 2025, after Sun had put at least $75 million into World Liberty tokens, and the case was later settled on favorable terms for Sun. Senate Banking Democrats laid out the Binance timeline in a letter worth reading in full.

Reiners acknowledged: “None of this is definitive proof of a crime, but any prosecutor worth his salt would initiate an investigation. Federal bribery law requires an agreed exchange of an official act for a thing of value, and nothing in the public record establishes one, yet.”

The Constitution is a different matter, Reiners wrote:

> The foreign emoluments clause is the stronger constitutional argument, because foreign state money is reaching entities he profits from.
>
> Two obstacles. The emoluments suits from the first term were dismissed as moot in January 2021 without any ruling on the merits, so there is no controlling precedent on what an emolument is. And nobody has obvious standing to sue. As a country, we've just never been in this situation before.

The crypto industry's rapidly growing involvement in elections through contributions and campaign commercials has turned it into one of the most influential commercial interests in the nation's capital, Reiners noted:

> In 2024 the industry spent about $40 million to beat Senate Banking Chairman Sherrod Brown and around $10 million against Katie Porter in the California Senate primary.
>
> This cycle is larger. Public Citizen reported on June 30 that crypto companies have put $189 million into the 2026 midterms, more than the industry spent in all of 2024, and 37 percent of the $517 million in reported corporate election spending.

The spending, Reiners argued, "works as deterrence. Every member of Congress watched what happened to Sherrod Brown, and the industry made sure of it."

With two exceptions, the Trump family's sale of crypto tokens has even insulated them from the current industry downturn.

Bitcoin is trading near $64,000 today, Reiners wrote,

> down about 27 percent this year and roughly 50 percent below its October 2025 record of $126,198. The Trump-branded assets have done far worse. WLFI trades around 5 cents. The $TRUMP memecoin is down about 97 percent from its January 2025 peak of $75.35.

Despite this, he continued,

> the family is still up, because the model separates their income from the asset’s price. They collected fees and revenue shares at the moment of sale. Buyers hold the thing that fell. A price collapse transfers pain entirely to the people on the other side of the trade.

In other words, crypto provides Trump with the ideal marketing tool. He and his family win; his investors lose.

Matthew Tobin contributed research to this article.

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Thomas B. Edsall has been a contributor to the Times Opinion section since 2011. His essays on strategic and demographic trends in American politics appear every Tuesday. He previously covered politics for The Washington Post.