# **Crypto on Capitol Hill: From the beginning of the 118th Congress through February**

The start of the Congress has been rocky. Though this is less well known to the public, the issues that came up concerned not only the House but also the Senate, and cross-party lines. Legislation and debate have lagged as a result, in part because Committees have lagged as well. But Congress hasn't been idle, and in an ironic turn of events, cryptocurrency has emerged as a surprising force for cooperation.

When numerous pieces of bipartisan legislation were filed last year, we really started to see crypto pull the two parties together. Even though these bills ultimately "died" in Congress last year, it was a rare instance when both parties actively cooperated to achieve a common objective.

We have already noticed a lot of the same things this year, with Committees in particular trying to address and resolve some of the problems affecting cryptocurrency. With the establishment of the Subcommittee on Digital Assets, Financial Technology, and Inclusion, a first-of-its-kind congressional panel that will concentrate on digital assets, the House Financial Services Committee has made the biggest advancement in this area.

The Senate Banking Committee is hosting a hearing today, February 14, titled "Crypto Crash: Why Financial System Safeguards are Needed for Digital Assets," but unlike the House, they do not currently have or intend to create a subcommittee specifically for examining and resolving this issue.

And interestingly enough, although it is not how anyone in the field would like it, the White House has been rather engaged in the crypto space. Senior Biden officials criticized Congress for what they called stalling tactics in a letter that was published on the White House's official blog at the end of January.

## **What does this mean for crypto?**

If the SEC truly has the authority they assert, then it is up to them and not Congress to act. We know from experience that pushing legislation through, particularly in a cutting-edge industry like crypto and blockchain, is a terrible idea because it causes unneeded backlash and harm to American interests. Rushing legislation has been demonstrated to encourage businesses to operate "off-shore," meaning they set up shop in another country in order to avoid American laws.

A lot of work is being done to prepare legislation to be presented while the House is currently not in session. Committee staff is engaging with stakeholders to determine how to address problems faced by these businesses and organizations.

Since the SEC has been announcing what appears to be daily investigations or charges against cryptocurrency companies, I'm sure a big bullseye is being set on their backs. Congress has previously stated that the SEC has a lot to account for, since it did nothing for such a long time if it suddenly believes that it has gained the authority to regulate.

Since no legislation granting the SEC or the CFTC extra authority has been passed, they are functioning under the existing authority, which means that this should not be happening in the manner that it has.

The House Financial Services Committee may hold a hearing or introduce legislation over the next two weeks while the House is on recess to address this significant uptick in SEC activity and figure out what is going on. I would anticipate that the Committee will at the very least release a statement regarding this and notify the SEC that there are problems that need to be fixed and things that need to be clarified.