

REPORT TO CONGRESS ON THE CRYPTO INDUSTRY'S CONCENTRATED AND DANGEROUS MARKET STRUCTURE

Abstract

On September 15, 2026, the United States Senate rejected a motion by supporters of the crypto industry to limit further debate and proceed to a final vote on the “CLARITY Act.” Due to that very wise and welcome decision, Congress now has time to undertake a comprehensive assessment of the crypto industry and adopt legislation that is urgently needed to address the industry’s unacceptable dangers to our financial system, investors, and consumers.

In this Report and the accompanying Crypto Market Structure Study (“Market Study”), the Cryptoskeptics Forum¹ analyzes the global crypto industry’s market structure and presents findings that raise significant concerns about (i) the global crypto industry’s expanding market power, excessive political influence, and pervasive misconduct, and (ii) the potential future development of an unaccountable global

¹ <https://cryptoskeptics.org>. For information about the Cryptoskeptics Forum and its members, see footnote 8. The Market Study follows the text of this Report as an attachment in Word format. We recommend that the Market Study also be read in its online format at <https://cryptoskeptics.org/tracker.html>, as the online format provides more advanced visual graphics as well as an easier transition from page to page by cursor.

crypto cartel. In the absence of strong regulation and effective oversight, the global crypto industry poses unacceptable threats to financial markets and economies worldwide.

The international crypto industry's structure is dangerously concentrated, both horizontally and vertically. In addition, foreign crypto firms dominate important segments of the crypto industry and are largely immune from U.S. regulation. The crypto industry's concentrated structure and its dominance by unregulated foreign firms pose great dangers to the U.S. and other nations, including the risks that crypto firms will (i) severely undermine the stability and integrity of financial markets, with catastrophic consequences for investors and consumers, (ii) significantly impair the effectiveness of law enforcement authorities in combating financial crimes, and (iii) seriously weaken the ability of central banks to control their currencies and monetary policies.

In light of the crypto industry's intolerable threats, Congress should reject all attempts to revive and implement the CLARITY Act's toxic provisions. Instead, Congress should restore a level playing field for all financial institutions, with proper guardrails, by repealing the GENIUS Act and approving legislation that requires crypto firms to comply with the same essential prudential rules and public safeguards that govern

federally-insured banks, securities broker-dealers, investment companies, and regulated securities exchanges. Our policy recommendations are based on the generally accepted principle of “same activity, same risk, same regulatory treatment.” That essential principle should apply with equal force to providers of crypto-assets as it does to traditional financial institutions and traditional investment assets.

Introduction and Summary of Findings

As we approach the November midterm elections, candidates across the country are finally addressing the American people’s concerns about the crypto industry. Much of the congressional criticism of the crypto industry has focused on the Trump family’s extraordinary profits from their crypto enterprises. Due to the crypto industry’s failure, on September 15, 2026, to obtain a favorable vote on a motion to invoke cloture and proceed to a final Senate vote on the “CLARITY Act,” Congress and the American people can now undertake a comprehensive assessment of the crypto industry and a careful consideration of governmental policies that are urgently needed to address the grave threats created by the industry’s dangerous structure and pervasive misconduct. Remedial legislation is essential because the Trump Administration is currently attempting to implement some of the CLARITY Act’s

worst provisions through rules adopted by the Securities and Exchange Commission (“SEC”) and the Commodity Futures Trading Commission (“CFTC”), although serious questions have been raised about both agencies’ authority to adopt such rules.²

In examining the crypto industry, members of Congress should not focus solely on the Trump family’s highly controversial efforts to promote (and profit from) their crypto enterprises, although those activities have cast a very dark cloud over the Trump Administration and the crypto industry.³

² See, e.g., Better Markets, Press Release, “CFTC Fighting SEC for Title of Biggest Crypto Cheerleader” (Oct. 5, 2026), <https://bettermarkets.org/newsroom/cftc-fighting-sec-for-title-of-biggest-crypto-cheerleader/>; Talia Kaplan, “U.S. regulators rush to write crypto rulebook after Clarity Act stalls in Senate,” *CNBC* (Sept. 22, 2026), <https://www.cnbc.com/2026/09/22/clarity-act-crypto-rules-regulators.html>; Julia Shapero, “Crypto shifts focus to Trump regulators after coming up short in Senate,” *The Hill* (Sept. 17, 2026), <https://thehill.com/policy/technology/6096345-trump-regulators-crypto-rules/>. Lee Reiners and John Reed Stark have strongly challenged the SEC’s authority to implement the CLARITY Act’s provisions through rulemaking. See <https://lnkd.in/p/ecdH2pWS>; <https://www.linkedin.com/feed/update/urn:li:activity:7518031745888423937/>. Similarly, Better Markets has challenged a proposal by the CFTC to adopt rules that are designed to achieve some of the CLARITY Act’s perverse goals. “Better Markets says CFTC is ‘wrong agency’ to regulate retail crypto,” Ezra Reguerra, *Cointelegraph* (Oct. 6, 2026), <https://ct.com/news/better-markets-criticize-cftc-regulate-retail-crypto>.

³ See, e.g., Norman L. Eisen et al., *Political Capital: How the Trump Family’s Crypto Ventures Are Distorting the Market*, DEMOCRACY DEFENDERS FUND 4 (Mar. 2026), https://www.democracydefendersfund.org/wp-content/uploads/2026/04/031126_Political-Capital_Crypto-Report.pdf; Gerald Epstein, “The Crypto Chokehold,” *Boston Review* (Feb. 19, 2026), <https://www.bostonreview.net/articles/the-crypto-chokehold/>; David D. Kirkpatrick, “The Unprecedented Profiteering Revealed by Donald Trump’s Financial Disclosure,” *New Yorker* (July 2, 2026), <https://www.newyorker.com/news/the-lede/the-unprecedented-profiteering-revealed-by-donald-trumps-financial-disclosure#>.

Members of Congress and the public must undertake a broader review, leading to the realization that the crypto industry has dramatically expanded its economic and financial power and political influence over the past two years, with the enthusiastic support of President Trump, who promised to make the U.S. “the crypto capital of the world.”⁴

The crypto industry has pursued an aggressive, highly-coordinated political strategy since 2024, which has enabled the crypto industry to dictate the Trump Administration’s decisions on financial regulatory policies. The crypto industry spent more money in 2024 to support the election of Donald Trump and crypto-friendly members of Congress than any other industry, including the petroleum and pharmaceutical industries. The crypto industry has again been the top industry contributor to federal political campaigns in 2026. The crypto industry has also built an extensive lobbying operation, which has enjoyed remarkable success in influencing the decisions of Congress and federal regulatory agencies.⁵

⁴ President’s Working Group on Digital Asset Mkts., *Strengthening American Leadership in Digital Financial Technology* 6 (July 2025) (quoting President Trump’s promise), <https://www.whitehouse.gov/wp-content/uploads/2025/07/Digital-Assets-Report-EO14178.pdf>

⁵ The crypto industry made over \$245 million of political campaign contributions during the 2024 election cycle, accounting for nearly half of all corporate campaign contributions during that election cycle. The crypto industry’s contributions helped to elect 53 of its 58 favored candidates for House and Senate seats, and the industry’s support also played a major role in President Trump’s victory. Epstein, *supra* note 3; MacKenzie Sigalos, “Crypto’s \$245 Million Campaign Finance Operation Filled Airwaves with Ads Not About Crypto,” *CNBC* (Nov. 5, 2024),

The crypto industry's massive investments in political campaign contributions and lobbying expenditures have produced very lucrative returns for the industry, including appointments of crypto advocates to senior positions in the federal government, pardons for convicted crypto executives, dismissals of pending enforcement actions against crypto firms, passage of the GENIUS Act, and executive orders and agency rules authorizing the issuance and sale of stablecoins and other crypto-assets without the crucial protections that apply to traditional investment assets.⁶ **As a result of the deeply**

<https://www.cnbc.com/2024/11/05/cryptos-245-million-campaign-finance-operation-funded-n-on-crypto-ads.html>; Fredreka Schouten, "The Crypto Industry Plowed Tens of Millions Into The Election. Now, It's Looking For a Return on That Investment," *CNN* (Nov. 17, 2024), <https://www.cnn.com/2024/11/17/politics/crypto-industry-donald-trump-reelection>. During the 2026 midterm election cycle, the crypto industry has made over \$200 million of political campaign contributions as of July 2026, a higher amount than any other industry. Will Gottsegen, "Crypto Money Still Matters for the Midterms," *Atlantic* (Sept. 4, 2026), <https://www.theatlantic.com/newsletters/2026/09/crypto-money-still-matters-for-the-midterm/s/688537/>. For analysis of the crypto industry's rapidly expanding lobbying presence in Washington, see David Moore, "Crypto Industry Is Spending More on Lobbying Than Ever," *Sludge* (June 23, 2025), <https://readsludge.com/2025/07/23/crypto-industry-is-spending-more-on-lobbying-than-ever/>; "Crypto lobbying surges as industry gains political footing in Washington," *Cointelegraph* (Nov. 3, 2025), <https://coinmarketcap.com/community/articles/6908ba0ad045d4775e273b70/>.⁶ Hugh Cameron, *Everything Trump Has Done to Boost Crypto as Records Show \$1.4B Profit*, *Newsweek* (July 1, 2026), <https://www.newsweek.com/everything-trump-has-done-to-boost-crypto-12147371>; Eisen et al., *supra* note 3; Epstein, *supra* note 3; Sharon LaFraniere & David Yaffe-Bellany, "How Prediction Markets and Crypto Firms Steamrolled a Watchdog Agency," *New York Times* (May 24, 2026), <https://www.nytimes.com/2026/05/24/us/how-prediction-markets-and-crypto-firms-steamroll-ed-a-watchdog-agency.html>; Lee Reiners, "Regulation Crypto Assets: Policymaking by Crypto, for Crypto," *FinReg Blog* (Aug. 26, 2026), <https://sites.duke.edu/thefinregblog/2026/08/20/regulation-crypto-assets-policymaking-by-cry>

misguided deregulatory policies championed by the Trump Administration, the crypto industry currently presents an even greater threat to the stability of the U.S. financial system and the welfare of U.S. investors and consumers than it did in 2022 and 2023, when Sam Bankman-Fried’s FTX/Alameda crypto empire collapsed along with several other large crypto firms, igniting a widespread crisis that led to the failures of three large U.S. banks and inflicted massive losses on investors and households.⁷

[pto-for-crypto/](#); W. Robert Thomas & Jeffery Y. Zhang, “Crypto Kleptocracy,” 124 *Michigan Law Review* 84 (2026).

⁷ See, e.g., Hilary J. Allen, “America’s Crypto Apocalypse,” *Project Syndicate* (Sept. 30, 2025), <https://www.project-syndicate.org/commentary/us-stablecoin-law-genius-act-risk-to-financial-stability-democracy-sovereignty-by-hilary-j-allen-2025-09>; David Frum, “How Crypto Could Trigger the Next Financial Crisis,” *Atlantic* (Nov. 17, 2025), <https://www.theatlantic.com/ideas/2025/11/cryptocurrency-economy-financial-crisis/684960/>; Ben McKenzie, “Crypto Is About to Cause the Next Great American Financial Crisis,” *Slate* (May 23, 2025), <https://slate.com/technology/2025/05/cryptocurrency-financial-crisis-silicon-valley-bank-collapse.html>; Eduardo Porter, “Trump has normalized crypto. Is it the path to the next financial collapse?,” *Guardian* (July 18, 2026), <https://www.theguardian.com/business/2026/jul/18/trump-crypto-us-economy>; Arthur E. Wilmarth, Jr., “Time Bomb: How Uninsured Stablecoins and Crypto Derivatives Threaten Financial and Economic Stability,” *Institute for New Economic Thinking* (Oct. 6, 2025) [hereinafter Wilmarth, “Time Bomb”], <https://www.ineteconomics.org/perspectives/blog/time-bomb-how-uninsured-stablecoins-and-crypto-derivatives-threaten-financial-and-economic-stability>.

This Report and the attached Market Study⁸ examine the hazardous structure and pervasive misconduct exhibited by the crypto industry, as well as the dangers created by the crypto industry's immunity from effective regulation and its highly coordinated efforts to capture control of the federal government's financial policies. As this Report documents, the concerted efforts of leading crypto firms have created an extraordinarily effective political juggernaut, producing legislative and regulatory victories that have greatly benefited

⁸ This Report and the Market Study has been prepared by a nonpartisan volunteer group, the Cryptoskeptics Forum, <https://cryptoskeptics.org>. The Cryptoskeptics Forum is composed of five independent professionals with government and academic experience. Albert Foer is the group's convenor. Albert Foer was the lead drafter of this Report, with significant input from Arthur Wilmarth. All members of the Forum participated in editing this Report and reviewing the attached Market Study. The group also consulted for over a year with several prominent experts. The Forum's members are:

Albert Foer, a retired business executive, antitrust attorney, and founder and former president of the American Antitrust Institute, currently a senior fellow.

Henry Balikov, a retired energy lawyer and environmental consultant.

Barbara Oppen, a retired financial markets economist with substantial experience analyzing banking, capital markets, and finance at the Federal Reserve Board and the World Bank.

Don Allen Resnikoff, a retired antitrust attorney who worked in the federal and DC state governments. He oversees the Forum's substack, <https://substack.com/@cryptoskeptic101>.

Arthur Wilmarth, an emeritus professor of banking and financial law at George Washington University. Wilmarth has published several articles about the crypto industry and stablecoins, and he served as the group's expert on matters relating to banking law.

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the crypto industry, despite the industry's discredited record and enormous risks.

This Report and the accompanying Market Study⁹ present a detailed structural analysis of the global crypto industry, which consists of six key market segments. The levels of market concentration in two crucially important segments—Centralized Exchanges and Stablecoin Issuers—would satisfy the criteria for “highly concentrated” markets under current federal merger guidelines. Those concentration levels indicate that dangerous clusters of economic and financial power exist in both segments and potentially the entire crypto industry.

This Report and the Market Study also find that the international crypto industry is highly concentrated in its vertical relationships, with extensive connections among crypto brokers, dealers, exchanges, and other platforms. The industry's vertically integrated structure creates toxic conflicts of interest and hazardous concentrations of systemic risk, which threaten the stability and integrity of the U.S. financial system and the welfare of American investors and consumers.

⁹ As indicated in footnote 1, the Market Study is included as an attachment to this Report in Word format, and an online version of the Market Study is available at <https://cryptoskeptics.org/tracker.html>.

This Report and the Market Study further conclude that the crypto industry is dominated by large foreign crypto firms that are not subject to effective oversight by U.S. regulators. For example, Binance and Tether are headquartered in foreign jurisdictions that have weak or nonexistent regulations, and their operations are not supervised by U.S. agencies. Binance is the largest global crypto exchange (accounting for about 40% of all spot trading volumes on centralized global crypto exchanges), and Tether is the largest global stablecoin issuer (accounting for approximately 60% of all outstanding stablecoins). Binance and Tether have established close connections with the Trump Administration and with businesses controlled by Trump family members and their close associates. Binance and Tether have received highly favorable regulatory treatment since 2024, despite widespread reports about their continued involvement in money laundering and terrorist financing. The successes achieved by Binance and Tether, despite their deeply tarnished records, indicate that powerful foreign crypto firms can effectively leverage their dominant market positions and political clout to obtain virtual immunity from effective regulation in the U.S. and other developed nations. As discussed below, **the crypto industry's international scope and aggressive use of regulatory arbitrage pose serious threats to global financial stability and the integrity of financial markets around the world.**

To our knowledge, this Report and the Market Study provide the first publicly-available systematic analysis of the global crypto industry's structure. The international crypto industry's hazardous structure and pervasive misconduct must be carefully evaluated by Congress, candidates for Congress, and voters to understand the grave and unacceptable dangers that the crypto industry poses to the U.S. financial system and American consumers and investors.

The crypto industry has aggressively lobbied for lenient and dangerous laws and policies that would expand their opportunities to offer extremely risky and volatile crypto-assets to ordinary Americans and their pension funds and retirement funds. **This Report maintains that the crypto industry should not be allowed to operate in the U.S. unless it complies fully with the same rules and requirements that apply to traditional financial institutions and traditional investment assets. If there are concerns about the accuracy of the publicly available data on which the Market Study is based, Congress should use its investigative authority to obtain the requisite data by performing a comprehensive investigation of the crypto industry. Indeed, Congress could ensure that government agencies and the public have access to such data by requiring crypto firms to comply with the same reporting and disclosure**

requirements that apply to federally-insured banks and regulated securities firms.

This Report concludes that effective regulation of the global crypto industry would be extremely difficult to achieve unless Congress requires the crypto industry to comply with the same legal rules that govern federally-insured banks and regulated securities firms. Due to significant limitations on the availability of antitrust and other legal remedies, and the absence of effective international oversight, Congress must pass legislation to prevent domestic and foreign crypto firms from continuing to offer crypto-assets to U.S. citizens and residents unless those firms comply with the full array of legal protections provided to depositors in federally-insured banks and customers of regulated securities firms.

This Report also warns that the crypto industry's control over the supply of stablecoins and other cryptocurrencies could severely undermine the ability of central banks to maintain effective governance over their currencies and monetary policies. Without effective regulation and supervision by federal agencies, the crypto industry will continue to exploit its dangerous concentrations of economic, financial, and political power and threaten global economic and financial wellbeing.

Accordingly, our primary policy recommendations to Congress are that (1) Congress should reject all further efforts to enact or implement the highly dangerous provisions of the CLARITY Act, and (2) Congress should repeal the GENIUS Act and approve legislation that would require providers of crypto-assets to follow the same rules and comply with the same public safeguards (including examination, supervision, reporting, and disclosure requirements) that govern federally-insured banks, securities broker-dealers, securities exchanges and clearing facilities, and mutual funds, based on the respective functions performed by each of those entities. Requiring providers of crypto-assets to follow the same "rules of the road" that apply to traditional financial institutions would (i) maintain the stability and integrity of the U.S. financial system, (ii) preserve the effectiveness of crucial protections provided to U.S. depositors, investors, and consumers under existing banking and securities laws, (iii) uphold and enforce the principles of fair competition established by existing antitrust laws, (iv) ensure the ability of law enforcement agencies to identify and prosecute financial crimes, regardless of the particular financial instruments used to commit those crimes, and (v) terminate the crypto industry's ability to dictate U.S. financial policies and obtain "light touch" regulatory treatment. Our policy recommendations are based on the generally accepted principle of "same activity, same risk, same regulatory

*treatment,” which the Financial Stability Board endorsed as an essential premise for regulating crypto-assets.*¹⁰

The Crypto Industry Must Comply with Three Fundamental Goals of Financial Regulation and Competition Policy

Each developed nation has multiple ways of regulating providers of financial products and services to (i) maintain the stability and integrity of its financial system, (ii) protect investors and consumers from fraud and other financial crimes,

¹⁰ Financial Stability Board, *FSB Global Regulatory Framework for Crypto-Asset Activities* (July 17, 2023), at 1 (adopting a “global regulatory framework for crypto-asset activities,” based on the principle of “same activity, same risk, same regulation,” which “provides a strong basis for ensuring that crypto-asset activities and so-called stablecoins are subject to consistent and comprehensive regulation, commensurate to the risks they pose”), <https://www.fsb.org/uploads/P170723-1.pdf>. This Report does not address escalating cybersecurity concerns regarding the increased vulnerability of blockchain encryption technologies, due to rapid advances in artificial intelligence and quantum computing. Those concerns provide additional compelling reasons for Congress to undertake a comprehensive investigation of the crypto industry and respond appropriately to the industry’s intolerable risks. See, e.g. Hannah Lang, “Crypto firms prepare defenses as quantum threat to encryption draws nearer,” *Reuters* (July 8, 2026) (reporting that, according to Google, “quantum computers capable of breaking encryption could arrive by 2029”), <https://www.reuters.com/legal/government/crypto-firms-prepare-defenses-quantum-threat-encryption-draws-nearer-2026-07-08/>; Lydia Moynihan, “Quantum computing presents threat to all crypto currencies, digital assets and passwords: ‘industry is scrambling,’” *New York Post* (Oct. 14, 2026), <https://nypost.com/2026/10/14/tech/quantum-computing-presents-threat-to-all-crypto-currencies/>; Margaux Nijkerk, “AI is speeding up the quantum threat to crypto, security experts warn,” *CoinDesk* (May 26, 2026), <https://www.coindesk.com/tech/2026/05/24/ai-is-speeding-up-the-quantum-threat-to-crypto-security-experts-warn>.

and (iii) prohibit financial service providers from engaging in unfair methods of competition. Laws regulating financial service providers are typically administered by a cluster of regulatory agencies with sector-specific responsibilities. In the U.S., those functions are performed by the Antitrust Division of the Department of Justice and the Federal Trade Commission, the SEC, the CFTC, the Federal Deposit Insurance Corporation (FDIC), the Federal Reserve System (Fed), the Treasury Department (including the Office of the Comptroller of the Currency), the Internal Revenue Service, the FBI, the Department of Homeland Security, and other federal and state agencies.

For the reasons explained in this Report, the following three fundamental goals of financial regulation and competition policy must apply to crypto firms in the same way that those goals apply to other categories of financial service providers:

The first goal is to protect the safety, soundness, and integrity of the financial system through rigorous oversight of banks, effective central bank control over the money supply, and strong consumer and investor protection rules. Congress created the Federal Reserve System in 1913 and approved fundamental banking reforms during and after the New Deal to prevent the kind of catastrophic financial panics and banking

crises that had occurred repeatedly during U.S. history (including the Panic of 1907 and the Great Depression of 1929-33). To make our financial system more stable and resilient, and to protect depositors and other bank customers, Congress passed laws mandating federal deposit insurance, supervision and examination of banks and bank holding companies, prudential capital and liquidity requirements, regulation of payments services and extensions of credit, and central bank oversight of the money supply and monetary policy. Similarly, a series of laws passed by Congress between 1933 and 1940 (and subsequently amended) established comprehensive rules governing securities broker-dealers, securities exchanges and clearing facilities, and mutual funds to protect U.S. investors from the types of scams and frauds that permeated securities exchanges and other investment markets prior to the Great Crash of 1929. In 1978 and 1993, Congress passed laws requiring foreign banks operating in the U.S. to comply with the same rules and safeguards that apply to domestic federally-insured banks.

A second goal of financial regulation and competition policy is to combat fraud and prevent money laundering, sanctions evasion, tax evasion, and other financial crimes. Know Your Customer (KYC) requirements and anti-money-laundering (AML) laws fall within this category

along with combating the financing of terrorism (CFT) rules. The antifraud and law enforcement goal should apply with special force to the crypto industry because encrypted digital assets can be transferred rapidly across borders without using traditional financial intermediaries (such as banks and securities firms) that are subject to well-established procedures for government oversight and supervision. The CLARITY Act's provisions would take Congress down the wrong road by establishing a dangerously weak and inadequate regulatory system for crypto firms, thereby undermining the government's ability to (i) protect financial markets, investors, and consumers from crypto frauds and scams, and (ii) investigate, punish, and deter criminal conduct associated with or facilitated by crypto-assets.¹¹

¹¹ For persuasive critiques of the CLARITY Act, *see, e.g.*, Americans for Financial Reform, "AFR Fact Sheet on the CLARITY Act: A Crypto Cash Grab that is a Consumer Catastrophe" (July 8, 2025), <https://ourfinancialsecurity.org/resources/fact-sheet-afr-fact-sheet-on-the-clarity-act-a-crypto-cash-grab-that-is-a-consumer-catastrophe/>; Allison McManus, Jonathan Fritz, and Sadhana Mandala, "CLARITY Act Risks Rewarding Illicit Financing Bad Actors and Harming U.S. National Security," *Center for American Progress* (July 16, 2026), <https://www.americanprogress.org/article/clarity-act-risks-rewarding-illicit-financing-bad-actors-and-harming-u-s-national-security/>; John Reed Stark, "Twelve Reasons Why the CLARITY Act Is the Worst Financial Legislation in Modern American History," *LinkedIn* (July 20, 2026), <https://www.linkedin.com/pulse/twelve-reasons-why-clarity-act-worst-financial-modern-john-reed-stark-u5hhe/>; *see also* Lee Reiners, "How Trump's crypto winnings undermined the industry's push for looser regulation," *The Conversation* (Sept. 24, 2026) (explaining that the CLARITY Act "would have provided light-touch regulation over crypto assets" by "placing most crypto trading under the [CFTC] and no longer treat[ing] most [crypto] tokens as securities," thereby removing those tokens from the "rights and protections" governing securities markets), <https://theconversation.com/how-trumps-crypto-winnings-undermined-the-industrys-push-for-looser-regulation-289123>.

A third goal of financial regulation and competition policy is to preserve fair conditions and methods of competition and to limit political distortions and other dangers created by concentrated economic and financial power. Antitrust laws are one tool for accomplishing that goal, but they are not the only one. A concentrated market may create serious economic and political dangers, including increased risks of regulatory capture and undue influence over the political system, even when existing antitrust doctrines do not provide a ready cause of action or an effective remedy. Additional market structure laws, such as public utility regulations, are designed to address some of the risks posed by dominant providers of essential goods and services to the public.

It is this third category—preservation of fair competition and prevention of excessive political influence—which bears most directly on this Report and the attached Market Study. However, the first two purposes described above provide essential context, since consolidated and unaccountable crypto firms threaten to undermine not only competition and the integrity of the political process but also financial stability, protection of investors and consumers, and effective enforcement of laws prohibiting criminal misconduct.

The Crypto Industry Exhibits Dangerously High Levels of Horizontal Concentration and Vertical Integration

A fundamental insight of economists and competition agencies is that the structure and conduct of an industry and its related markets play important roles in determining the effectiveness of competition among firms in that industry. It is widely accepted that the structure and competitive performance of an industry should be evaluated by examining such factors as the number and relative size of the firms that compete in relevant product markets, the conditions governing entry into and exit from those markets, the relative market power of buyers and sellers in those markets, and the effects on competition of government regulators and industry standard-setting bodies.

Competitive conditions in an industry's relevant product market are typically analyzed by identifying and evaluating the most important segments of that market and by studying the different competitive strategies adopted by more specialized and more diversified firms. Most competition-related investigations conduct an analysis of market power that includes consideration of horizontal concentration levels as well as vertical integration factors in the relevant product market. Market concentration is typically measured by the

Herfindahl-Hirschman Index (HHI), which is described in the attached Market Study. This Report and the attached Market Study use generally accepted principles of competition analysis in examining the structure of the crypto industry.

In the crypto industry, observers have identified the following six key industry segments: centralized exchanges, stablecoin issuers, custodians, digital wallets, miners/validators, and lending/DeFi. The Market Study provides a glossary with definitions of key terms as well as descriptions of each of the crypto industry's six market segments. The Market Study also provides publicly available information about the most important crypto firms that compete in each of the crypto industry's six segments.

The Market Study shows that levels of market concentration in two crucially important segments of the global crypto industry—Centralized Exchanges and Stablecoin Issuers—would satisfy the criteria for “highly concentrated” markets under current federal merger guidelines, indicating that dangerous concentrations of economic and financial power exist in both segments and potentially the entire crypto industry.

The Market Study also shows that the international crypto industry displays a high degree of vertical integration, with extensive connections among crypto brokers, dealers, exchanges, and other platforms. The crypto industry's vertically integrated structure creates toxic conflicts of interest and systemic risk concentrations, posing unacceptable threats to the stability and integrity of the U.S. financial system and the welfare of American investors and consumers.

Vertically-integrated crypto conglomerates pose significant threats to financial stability, market integrity, fair competition, and investor protection. As Better Markets recently pointed out, vertical integration creates manifold opportunities for self-dealing, market manipulation, and exploitation of retail investors, due to pervasive conflicts of interest that arise when crypto firms combine (i) the functions of asset management, trade execution, clearing, and settlement for their customers with (ii) the functions of proprietary investing and market-making for their own profit. In addition, vertically-integrated crypto firms, like FTX and Binance, have strong incentives to take highly leveraged risks that threaten market stability:

FTX imploded in one of the most catastrophic frauds in financial history, leaving \$8 billion in customer

funds missing. . . . FTX’s affiliated trading arm Alameda Research built substantial margin positions on the FTX crypto exchange, and then dipped into clients’ custodied funds to make up trading shortfalls. In another prominent example, the SEC alleged [in 2023] that Sigma Chain, Binance’s affiliated trading arm, engaged in manipulative trading on the Binance U.S. platform in order to artificially pump up trading volume. The SEC also alleged that Binance was commingling user funds with its own funds, and sending those funds on to Merit Peak Limited, a proprietary trading firm owned by the Binance founder.¹²

The Venn Diagram included in the Market Study shows the extent of vertical integration that currently exists in the crypto industry, with a primary focus on eight large crypto firms shown in the center of the Diagram. Those eight crypto conglomerates include five foreign firms (Binance, Bitget, Gate, OKX, and Tether) and three U.S. firms (Coinbase, Crypto.com, and Kraken). As shown in the Venn Diagram, those eight conglomerates perform all three major types of crypto functions: (1) “Trade” (*e.g.*, running a centralized exchange or

¹² Better Markets, Comment Letter to the CFTC (Oct. 5, 2026), at 2-3 (footnotes omitted), <https://bettermarkets.org/wp-content/uploads/2026/10/Better-Markets-Comment-Letter-CFTC-Vertical-Integration.pdf>.

other trading venue); (2) “Custody” (*e.g.*, holding crypto-assets and keys); and (3) “Issue & Settle” (*e.g.*, issuing and redeeming stablecoins and other crypto tokens).

The eight vertically-integrated crypto conglomerates in the center of the Venn Diagram resemble Sam Bankman-Fried’s disastrous FTX/Alameda crypto empire. For additional evidence of the threats posed by crypto conglomerates, it is noteworthy that Binance, Coinbase, and OKX invested in Do Kwon’s ill-fated Terra/Luna enterprise and then marketed Terra/Luna tokens to their customers. The downfall of Terra/Luna in May 2022 resulted in more than \$50 billion of market value losses for crypto investors and triggered a contagious panic spreading across the crypto industry. That panic resulted in the failures of several leading crypto firms, including Three Arrows Capital, Celsius, Voyager Digital, BlockFi, FTX/Alameda, and Genesis.¹³ As indicated by the catastrophic consequences of those failures,

¹³ Radhika Patel & Jonathan D. Rose, “A Retrospective on the Crypto Runs of 2022,” *Chicago Fed Letter* (No. 479, May 2023), <https://www.chicagofed.org/publications/chicago-fed-letter/2023/479>; Muyao Shen, “Crypto Exchanges Are Delisting Terra Tokens After Meltdown,” *Bloomberg* (May 13, 2022), <https://www.bloomberg.com/news/articles/2022-05-13/crypto-exchanges-start-to-suspend-terra-tokens-after-meltdown>; Arthur E. Wilmarth, Jr., “We Must Protect Investors and Our Banking System from the Crypto Industry,” 101 *Washington University Law Review* 235, 243-68 (2023), <https://ssrn.com/abstract=4360175> [hereinafter Wilmarth, “Crypto Industry”]. For allegations that FTX/Alameda, Coinbase, and other large crypto exchanges engaged in manipulative trading that accelerated the crash of Terra/Luna, see Laird Diloranzo, “Unraveling the Terra-LUNA Crash: SEC Investigations Shed Light on Allegations,” *Disruption Banking* (April 10, 2024), <https://www.disruptionbanking.com/2024/04/10/unraveling-the-terra-luna-crash-sec-investigations-shed-light-on-allegations/>.

the eight crypto conglomerates shown in the center of the Venn Diagram create grave public policy concerns due to their conflicts of interest, opportunities for self-dealing, concentrations of financial risk, and potential threats to global financial stability.

The CLARITY Act would allow large crypto conglomerates to continue their dangerous practice of performing multiple functions of asset management, trade execution, clearing, settlement, proprietary trading, and market-making. In contrast, federal securities laws require a strict separation of the same functions to minimize conflicts of interest, prevent market manipulation, and protect investors. By permitting the continued existence of vertically-integrated crypto conglomerates, the CLARITY Act would magnify their market power and political clout, giving them unfair competitive advantages over traditional securities firms and securities exchanges. The vertical integration permitted by the CLARITY Act would also increase the systemic risks of large crypto exchanges by enabling them to become even larger, more complex, and more interconnected with other financial firms.¹⁴

¹⁴ Hilary J. Allen, “Blockchain-Based ‘Decentralization’: A Rorschach Test for Normative Priors regarding Competition” 32-36 (July 1, 2026), <https://ssrn.com/abstract=7042298> [hereinafter Allen, “Decentralization”]; Tonantzin Carmona, “Protecting the American public from crypto risk and harms,” *Brookings* (June 2, 2025), <https://www.brookings.edu/articles/protecting-the-american-public-from-crypto-risks-and-harms/>; Declan Harty & Jasper Goodman, “Crypto’s other conflict of interest problem,” *Politico* (Sept. 10, 2026),

The Market Study further concludes that the crypto industry is dominated by large foreign crypto firms that are not subject to effective oversight by U.S. regulators. For example, Binance (the world’s largest crypto exchange) and Tether (the world’s largest issuer of stablecoins) are headquartered in foreign jurisdictions with weak or nonexistent regulations, and their operations are not supervised by U.S. agencies. As shown in the Market Study, Binance accounts for about 40% of all spot trading volumes on centralized global crypto exchanges, while Tether accounts for approximately 60% of all outstanding global stablecoins. As discussed below, Binance and Tether have obtained highly beneficial regulatory treatment after establishing close relationships with senior officials in the Trump Administration, members of the Trump family, and their associates.

<https://www.politico.com/newsletters/morning-money/2026/09/10/cryptos-other-conflict-of-interest-problem-01070076>; Brad Lipton, “What Would the New Crypto ‘Market Structure’ Bills Do, and What Dangers Do They Pose?” (Roosevelt Institute, Sept. 26, 2025), <https://rooseveltinstitute.org/blog/what-would-the-new-crypto-market-structure-bills-do/>; Peter J. Ryan & Charles DeSimone, “Modern Markets, Enduring Protections: Protecting Investors in Tokenized Securities” (Sec. Indus. & Fin’l Mkts. Ass’n, Sept. 3, 2025), <https://www.sifma.org/news/blog/modern-markets-enduring-protections-protecting-investors-in-tokenized-securities>. For discussion of the systemic risks created by vertically integrated crypto conglomerates, see Pablo D. Azar et al., “The Financial Stability Implications of Digital Assets,” 30 *Economic Policy Review* No. 2, at 1, 2-6, 21-23 (Nov. 2024), https://www.newyorkfed.org/medialibrary/media/research/epr/2024/EPR_2024_digital-assets_azar.pdf; Financial Stability Board, *The Financial Stability Implications of Multifunction Crypto-asset Intermediaries* (Nov. 28, 2023), <https://www.fsb.org/uploads/P281123.pdf>.

Under Existing Laws, U.S. and Foreign Regulators Cannot Supervise and Regulate the Crypto Industry Effectively

Efforts by international law enforcement authorities to regulate and discipline large crypto firms have produced limited results. It is often very difficult for government authorities to identify the actual (beneficial) owners of crypto-assets because the identities of owners of crypto-assets are (by definition) concealed by methods of encryption. Blockchain transactions are identified only with cryptographic data, and a primary motivation for crypto transactions is to avoid government scrutiny. In addition, most leading crypto firms and their senior executives have adopted nontransparent operating procedures and opaque business structures, consistent with their libertarian ideologies, political considerations, and profit incentives, as well as their desire to avoid taxes and other forms of regulation and/or engage in illicit activities.

Many (and perhaps most) leading actors in the crypto industry seek to shield their personal and business operations from government scrutiny, due to (1) their libertarian worldview, which seeks to escape governmental taxation and oversight by creating a dispersed and privatized financial system, in which economic and financial transactions are governed by computer-based protocols and automated “smart

contracts” instead of regulatory requirements;¹⁵ and/or (2) their desire to exploit the opportunities provided by crypto-assets for facilitating and concealing criminal conduct (including fraud, deception, money laundering, theft, kidnapping, extortion, ransomware, stealing from digital wallets, funding terrorism, engaging in tax evasion, drug and sex trafficking, violating sanctions, and manipulating trading on crypto blockchains and exchanges).¹⁶ **Sanctioned regimes, terrorist groups, and criminal gangs use stablecoins and other crypto-assets to move their funds and finance their activities because crypto technology enables them (i) to conceal their ownership of crypto-assets, and (ii) to move financial assets quickly across national borders through digital channels without using traditional financial intermediaries (e.g., banks and securities firms) that must comply with government regulations.**¹⁷

¹⁵ Hilary J. Allen, “Brave New World,” *Briefing Book* (July 7, 2025), <https://www.briefingbook.info/p/brave-new-world>; Austin Carr, “Why Is Tech Billionaire Marc Andreessen So Mad?,” *Bloomberg* (Oct. 15, 2026), <https://www.bloomberg.com/news/features/2026-10-15/how-ai-crypto-and-dei-drove-marc-andreessen-to-maga>; Gilbert Duràn, *The Nerd Reich* (2026); George Packer, “The Venture-Capital Populist,” *Atlantic* (May 4, 2026), <https://www.theatlantic.com/magazine/2026/06/david-sacks-crypto-ai-venture-capital/686941/>.

¹⁶ Stephen Diehl, “The Case Against Crypto in 2025” (Jan. 25, 2025), https://www.stephendiehl.com/posts/against_crypto_2025/; Paul Krugman, “Crypto Is Still for Criming,” *Substack* (May 9, 2025), <https://paulkrugman.substack.com/p/crypto-is-still-for-criming>; Int’l Consortium of Investigative Journalists, *The Coin Laundry: How the crypto boom minted a shadow economy that thrives on crime — and left a trail of devastated victims* (Dec. 2025), <https://www.icij.org/investigations/coin-laundry/>.

¹⁷ Bank for Int’l Settlements, *Annual Economic Report 2025* (June 29, 2025), at 79-82, 85-87, 90-91 [hereinafter 2025 BIS Annual Report], <https://www.bis.org/publ/arpdf/ar2025e.htm>;

Crypto-assets may be purchased in ways that initially hide the identity of the purchaser, and the same crypto-assets can be transferred innumerable times across national borders (or exchanged for other crypto-assets) through multiple exchanges, in addition to being run through “mixers” and transferred across multiple private (“unhosted”) digital wallets, all with the goal of making it extremely time-consuming and expensive – and often impossible – for law enforcement agencies to trace transactions and prove ownership.¹⁸ **Chainalysis and TRM reported that unlawful crypto transactions exceeded \$150 billion in 2025, a level almost three times higher than in 2024.**¹⁹

Jessica Brice, “Drug Cartels Are Shifting Their Money Laundering to Crypto. Cops Can’t Keep Up.” *Bloomberg* (Feb. 11, 2026), <https://www.bloomberg.com/news/features/2026-02-11/drug-cartel-money-laundering-shifts-to-crypto-and-the-gig-economy>; Amanda Fischer, “Boom Time for Crypto Crimes” (Better Markets, May 6, 2025), https://bettermarkets.org/wp-content/uploads/2025/05/Better_Markets_Crypto_Crimes_Fact_Sheet-5.6.25.pdf; McManus et al., *supra* note 11.

¹⁸ Tobias Adrian et al., *Understanding Stablecoins* 4, 27-30, 36-38 (IMF Depart. Paper 2025-009, Dec. 4, 2025), <https://www.elibrary.imf.org/view/journals/087/2025/009/087.2025.issue-009-en.xml>; Brice, *supra* note 17; 2025 BIS Annual Report, *supra* note 17, at 79, 82-87, 91, 103 n.4; Andy Greenberg, *Tracers in the Dark: The Global Hunt for the Crime Lords of Cryptocurrency* (2022); “\$154B in Illicit Crypto Flows Raises Stablecoin Questions,” PYMNTS (Feb. 24, 2026), <https://www.pymnts.com/cryptocurrency/2026/are-stablecoins-growing-because-of-lighter-compliance-or-greater-efficiency/>.

¹⁹ Chainalysis, *Crypto Crime Reaches Record High in 2025 as Nation-State Sanctions Evasion Moves On-Chain at Scale* (Jan. 8, 2026), <https://www.chainalysis.com/blog/2026-crypto-crime-report-introduction/>; TRM, *2026 Crypto Crime Report* (Jan. 28, 2026), <https://www.trmlabs.com/reports-and-whitepapers/2026-crypto-crime-report>.

The crypto industry's international scope and technologies of concealment are critically important. Under existing laws, there is no central international authority that can regulate the international crypto industry, and no single country can deal effectively with the industry's patterns of deliberate concealment and obfuscation. Very few government agencies or private firms have the resources to undertake effective investigations of complex crypto transactions or to identify perpetrators of crypto frauds and crimes. The ability of the crypto industry to transact globally through unregulated digital channels, and the dominance of large foreign crypto firms, which operate in unregulated or weakly regulated "offshore" jurisdictions, are natural byproducts of the industry's efforts to evade effective government oversight and operate in the shadows.²⁰

In sum, the crypto industry has a global reach, insists on weak and ineffective regulation, and operates in a manner that is highly opaque to outside observers. The high levels of horizontal concentration documented in the attached Market

²⁰ See Adrian et al., *supra* note 18, at 28-31, 36-42; Brice, *supra* note 17; Greg Brownstein, "Three challenges in cryptocurrency regulation," *Atlantic Council* (June 7, 2023), <https://www.atlanticcouncil.org/blogs/econographics/three-challenges-in-cryptocurrency-regulation/>; Greenberg, *supra* note 18; Alexander Kristiansen & Patrik Ström, "Regulating decentralised finance: insights from the offshore jurisdiction analogy," 2 *Finance & Space* 424 (2025), <https://www.tandfonline.com/doi/full/10.1080/2833115X.2025.2571128#>.

Study probably understate the actual market power of leading crypto firms, due to the limited availability of reliable data about the crypto industry, the extensive vertical relationships that exist within the crypto industry, and the additional influence that large crypto firms exercise through a multitude of informal connections derived from personal, political, and financial ties.

What Are the Prospects for a Global Crypto Cartel?

Two global industry structures that are somewhat analogous to the global crypto industry are the international diamond cartel formerly operated by DeBeers and the OPEC oil cartel. However, it is important to recognize that the diamond and oil cartels have important differences from the crypto industry. Each of those cartels was based on ownership of known and rare “hard assets” that had underlying values, were initially extracted from the earth in some fashion, and were subject to harsh devaluations when new sources were suddenly brought onto the market. **In each case, the cartel’s future success depended on its ability to control the timing of release of new supplies on the world market.** In contrast, the crypto-assets produced by the crypto industry do not have any significant underlying tangible values, with the exception of fiat-based stablecoins (which are backed by reserves of

supposedly “safe” assets and account for less than 15% of the crypto industry’s total market capitalization).

***The Diamond Cartel Avoided U.S. Antitrust
By Not Doing Business in the U.S.***

DeBeers either mined, or bought from other mines, about 85-90% of the world’s diamonds and then released them to the market gradually to maintain their value as a rare mineral, smoothing out volatility caused by new mines as they were discovered and worked. DeBeers used its leverage by channeling diamonds in quality and at price points it dictated to about 100 selected site holders in London, who either cut the diamonds or sold them to cutters, and the cut diamonds were then distributed to wholesalers and retailers around the world. For a long time, consumer prices for diamonds were carefully managed to rise at about 2% a year, so that investors and consumers at all levels of the industry could benefit from price stability and growing value of what had already entered commerce.

For many years, DeBeers avoided antitrust laws in the U.S. by refraining from doing business in the U.S. Leading foreign crypto firms have followed the same playbook by ostensibly operating “offshore” to avoid complying with U.S. laws.

The diamond cartel began to fall apart in the late 20th century when (1) new diamond fields were discovered and mined in Canada and Australia (where the diamond mine owners chose not to sell their raw diamonds through DeBeers); (2) technological advances made machine-created diamonds increasingly competitive with mined diamonds; (3) antitrust law enforcement became more aggressive and effective around the world; and (4) retailers who were part of the diamond industry establishment were displaced to a large degree by sellers operating on the Internet. Thus, while the international diamond cartel flourished for over a century, it eventually lost much of its power due to a combination of causes, with antitrust regulation playing only a relatively minor role.

The Oil Cartel, Managed by Sovereign Nations, Also Avoided U.S. Regulation

The OPEC oil cartel did not involve a private, monopolist-led cartel comparable to DeBeers' diamond cartel but instead was an oligopolistic agreement among the world's leading oil producing nations (not private firms), whose leaders would meet periodically to determine how much petroleum the cartel would release to the world market at a given time, with

the price then being set in the market, as with the diamonds after their initial coordinated release.

While OPEC was undoubtedly a cartel and potentially subject to U.S. antitrust laws, the idea of suing OPEC was economically and politically unfeasible, and antitrust authorities around the world were essentially limited to addressing relatively minor conduct violations by private parties, such as fraud and vertical price fixing, which did not make much difference to the prevailing price of oil and gasoline. In recent years, the OPEC cartel has been weakened by the arrival of new production methods such as fracking in the U.S. as well as alternative energy sources that are not controlled by OPEC.

Could the Crypto Industry Create an Effective Global Cartel?

Now consider the crypto industry. The industry's largest single crypto-asset, Bitcoin (which accounts for nearly three-fifths of the industry's total market capitalization), was excluded from the category of payment stablecoins authorized by Congress under the GENIUS Act. The crypto-assets that qualify as payment stablecoins are touted by the crypto industry as "private money" because the GENIUS Act requires them to be backed by ostensibly "safe" assets such as U.S.

Treasury bills, repurchase agreements backed by Treasury bills, money market funds, and bank deposits. However, stablecoins present a wide array of risks and dangers, including the potential for future collusion among stablecoin issuers.

Compared to deposits in federally-insured banks—which represent officially endorsed, government-backed money—stablecoins are much less “safe” and trustworthy. Under the GENIUS Act, crypto firms that issue stablecoins (i) are governed by dangerously weak and inadequate rules dealing with their reserves, capital, and liquidity, (ii) do not have to comply with the comprehensive prudential requirements and consumer protection safeguards that apply to federally-insured banks and their corporate owners, (iii) do not have access to loans from the Fed’s discount window, and (iv) are not protected by federal deposit insurance or any other federal guarantee. Crypto firms enthusiastically supported the GENIUS Act because it allows them to issue deposit-like stablecoins without complying with the demanding requirements and crucial safeguards that apply to federally-insured banks.²¹

²¹ See Adrian et al., *supra* note 18, at 9-12, 32-35; Iñaki Aldasoro, *Money and the Architecture of Trust* (BIS Working Paper No. 175, Oct. 2026), esp. at 23-31, <https://www.bis.org/publications/paper-175-money-and-architecture-trust.pdf>; 2025 BIS Annual Report, *supra* note 17, at 77-95; Arthur E. Wilmarth, Jr., “The Looming Threat of Uninsured Nonbank Stablecoins,” 50 *Delaware Journal of Corporate Law*, 3, 12-37, 52-67, 104-29 (2025) [hereinafter Wilmarth, “Looming Threat”], <https://ssrn.com/abstract=5272859>; see also Kostiantyn Tsentsura, “GENIUS Act Explained: U.S. Legislation on Stablecoins and Its Impact on Crypto,” *Yellow* (July 19, 2025), <https://yellow.com/research/genius-act-explained-us-legislation-on-stablecoins-and-its-impact->

Crypto stablecoins create a further significant danger because they threaten to weaken severely the ability of central banks to exercise effective control over their respective currencies and monetary policies. A central bank typically seeks to maintain a stable value for its sovereign currency by controlling the volume of its outstanding currency and setting benchmark interest rates to affect the price of money and credit. Assume that a small group of leading crypto firms could organize a cartel to control the stablecoin market—a distinct possibility, since the two largest stablecoins (USDT and USDC) currently account for 84% of all outstanding global stablecoins. A global crypto stablecoin cartel’s decisions about the production and distribution of new stablecoins, which represent “private crypto money,” could significantly interfere with the ability of central banks to maintain control of the money supply within their respective jurisdictions. That interference could endanger the stability of economies and financial markets around the world.²²

[on-crypto](#) (explaining that supporters of the GENIUS Act rejected a 2021 report by the President’s Working Group on Financial Markets, which recommended that all stablecoin issuers should be federally-insured banks “to protect users”).

²² See Adrian et al., *supra* note 18, at 16-19, 26-28, 33, 47; Iñaki Aldasoro, Jon Frost & Hiro Ito, *The impact of stablecoins on the international monetary and financial system* (BIS Working Paper No. 170, May 2026),

<https://www.bis.org/publications/paper-170-impact-stablecoins-international-monetary-and-financial-system.pdf>; 2025 BIS Annual Report, *supra* note 17, at 78-80, 85-87.

The increasing concentrations of short-term U.S. Treasury bills held as reserves by Tether, Circle, and other issuers of dollar-linked stablecoins create the following channels for undermining financial stability: (1) runs by investors on stablecoin issuers, which could trigger “fire sales” of Treasury bills and undermine the stability of the Treasury market; or (2) sudden drops in the market values of Treasury bills, which could cause stablecoins to lose their “peg” to the dollar and precipitate runs on stablecoin issuers. Either channel would threaten financial stability and place great pressure on the Treasury Department and the Fed to arrange emergency rescues.²³ In addition, leading stablecoin issuers are likely to become “too big to discipline” because the imposition of a serious enforcement sanction against a leading stablecoin issuer might set off a run on that issuer and disrupt the Treasury market.

The growing use of dollar-linked stablecoins in developing countries already poses a significant danger to the monetary sovereignty of those countries by threatening to create a “dollarization” of their economies, which would seriously

²³ Daniel J. Aronoff et al., *The Hidden Plumbing of Stablecoins: Financial and Technological Risks in the GENIUS Act Era* (MIT Digital Currency Initiative, April 2026), at 21-31, https://static1.squarespace.com/static/6675a0d5fc9e317c60db9b37/t/6a076b878967957e93f3f87f/1778871175380/MIT_DCI-Hidden_Plumbing_vApril2026-Final.pdf; Talmon Joseph Smith, “A Crypto Coin Is Gobbling Up US Treasuries,” *New York Times* (Mar. 18, 2026), <https://www.nytimes.com/2026/03/08/business/stablecoins-crypto-treasuries-risks.html>.

undermine the ability of their central banks to maintain control over their currencies and monetary policies. Tether, Circle, and other crypto stablecoin issuers have aggressively marketed their dollar-linked stablecoins in developing countries by using unregulated digital channels, which tout their stablecoins as convenient tools to evade capital controls and escape inflation and devaluation risks associated with local currencies.²⁴

Let's now consider the possibility that crypto firms could create a global cartel to control the output of Bitcoin and other crypto-assets that are not stablecoins and have fluctuating values. In contrast to (1) diamonds or oil, which have physical uses and values, and (2) stablecoins purportedly backed by "safe" assets, market values for Bitcoin and other crypto-assets with fluctuating values are based almost exclusively on market demand. Market demand for those crypto-assets is highly volatile due to (a) the lack of underlying reserves of real-world assets to provide backing for those crypto-assets, (b) the vulnerability of unbacked crypto-assets to sudden investor panics, and (c) the unpredictability of future regulatory and

²⁴ Martin Arnold, "US stablecoins pose danger to emerging markets, say central bankers," *Financial Times* (April 20, 2026), <https://www.ft.com/content/7623a445-e9ac-4166-b2be-e250834a1466?syn-25a6b1a6=1>; Stephen Diehl, "Unnecessary and Unstable: Why Stablecoins Are Bad" (Mar. 27, 2025), https://www.stephendiehl.com/posts/stablecoins_bad/; Selena Yi, "Stablecoin issuer Circle to push into 40 new markets, CEO says," *Reuters* (Oct. 16, 2026), <https://finance.yahoo.com/markets/crypto/articles/stablecoin-issuer-circle-push-40-092605107.html>; see also the authorities cited in footnote 22; Wilmarth, "Looming Threat," *supra* note 21, at 17, 126-27 (discussing Tether's focus on marketing its USDT stablecoins in emerging markets).

enforcement actions, which could reduce the attractiveness of crypto-assets as investments or payment instruments. Due to the foregoing uncertainties, the long-term profitability of the crypto industry is likely to depend on (i) the industry's ability to create a chokehold mechanism that limits the amount of new crypto-assets minted and released to the market at any given time, and/or (ii) the industry's success in securing unfair competitive advantages over traditional financial institutions by obtaining "light touch" treatment and other regulatory favors from captured politicians and regulators.

Currently, there is no obvious institutional chokepoint that would enable the crypto industry to enforce a limitation on output or to engage in other collusive activities comparable to the cartels established by DeBeers and OPEC. One potential vehicle for future collusion would be the formation of a "self-regulatory organization" (SRO) for the crypto industry, with the ostensible goal of developing common "standards" for crypto firms. As a practical matter, the programs and meetings of a crypto SRO would provide abundant opportunities for unified lobbying, coordinated political campaigns, joint public relations efforts, covert sharing of information about methods and practices (including information that would facilitate de facto allocations of markets and parallel pricing), and other types of explicit and tacit collusion.

The governance structures of crypto blockchains provide additional opportunities for collusion in controlling the issuance and trading of crypto tokens. When Bitcoin, the first cryptocurrency (and still the largest), was launched in early 2009, Satoshi Nakamoto, its purported founder, built into the protocols for Bitcoin's blockchain an artificial scarcity – namely, a maximum limit of 21 million Bitcoins that could ever be issued. Bitcoin's example has not been followed by other crypto-assets, and some observers have questioned whether Satoshi's promised "hard cap" will be honored, as the number of outstanding Bitcoins is expected to reach 21 million by 2140. However, most commentators believe that Bitcoin will preserve its "hard cap" of 21 million issued coins because that artificially-imposed limit is a crucial part of Bitcoin's appeal for many long-term crypto investors.²⁵

Since 2009, tens of thousands of other crypto-assets have entered the market, and only a handful have adopted protocols mandating an artificial limit comparable to Bitcoin's "hard cap."²⁶ Ethereum, which issues the second-largest

²⁵ "What Happens When Bitcoin Reaches 21 Million Supply?", *The Block* (June 19, 2026), <https://www.theblock.co/learn/bitcoin/what-happens-when-bitcoin-reaches-21-million-supply-405386>.

²⁶ "Best Limited Supply Crypto: Top Scarce Crypto Coins Explained," *CoinDCX Blog* (Sept. 17, 2026), <https://coindcx.com/blog/crypto-highlights/best-limited-supply-crypto>; "What Is the Crypto Token Supply?" (updated Mar. 21, 2025), <https://lcx.com/en/what-is-the-crypto-token-supply>.

cryptocurrency, and other widely-used “DeFi” blockchains have developed their own internal protocols to regulate the “minting” (issuance) of new crypto tokens. Numerous blockchains that purport to be “decentralized” actually operate under the influence of de facto control groups (e.g., participants, acting in concert, who hold large percentages of their blockchains’ governance tokens and/or serve as leading “validators” for their blockchains’ transactions). Such control groups have strong interests in maintaining control over their blockchains’ issuance and redemptions of tokens.

In contrast to blockchains that are truly decentralized, large crypto exchanges (e.g., Binance and Coinbase) operate in a highly centralized, hierarchical manner, like traditional financial intermediaries. Centralized crypto exchanges have powerful incentives to advance their own interests and increase their market power by exercising control over the volume and flow of crypto-assets traded on their platforms.²⁷

Thus, it is conceivable that dominant firms in the crypto industry could form one or more global organizations, comparable to DeBeers and OPEC, to control the production

²⁷ Allen, “Decentralization,” *supra* note 14, at 17-37; Hanna Halaburda, “The hidden dangers of re-centralization in blockchain platforms,” *Brookings* (April 20, 2025), <https://www.brookings.edu/articles/the-hidden-danger-of-re-centralization-in-blockchain-platforms/>.

and sale of global crypto-assets and engage in other types of collusion. Even if crypto firms do not organize a formal chokehold institution, the complex, opaque, and relatively unregulated nature of crypto firms will increase the opportunities for those firms to make tacit agreements with each other in the shadows.

The crypto industry has already demonstrated a very high degree of cohesion and coordination in its governmental and public relations activities. Leading crypto firms and their owners and allies have organized a highly effective alliance for political advocacy and lobbying. The crypto industry has funneled massive contributions into political campaigns, launched extensive lobbying campaigns, and flooded media outlets with advertisements touting the claimed benefits of crypto. The industry's concerted efforts have generated significant (and often dominant) influence over the decisions of politicians and regulators around the world, including President Trump, his appointed Cabinet members and financial regulators, and dozens of members of Congress.²⁸ **The concerted and highly**

²⁸ Based on the well-documented extent of the Trump family's involvement with its own crypto enterprises and with many of the largest and most influential crypto firms around the world, the Trump family could potentially play a significant role in encouraging and supporting the creation of a global crypto cartel, which could undermine the ability of central banks to control the global money supply. For discussions of the financial corruption and influence-peddling associated with the Trump Administration's pro-crypto policies and the Trump family's crypto ventures, see, e.g., Cameron, *supra* note 6; Eisen et al., *supra* note 3; Epstein, *supra* note 3; Sam Kessler, "He Crafted a Crypto Law for Trump—as His Company Got Millions From a Crypto Giant," *Wall Street Journal* (Oct. 14, 2026),

coordinated governmental and public relations efforts of the crypto industry have produced extraordinary benefits for the industry's members, contravening the spirit of the antitrust laws.²⁹

Although the crypto industry's highly coordinated political and public relations campaigns violate the spirit of competition policy, any attempt to prohibit the industry's concerted actions would probably fail under current U.S. antitrust laws, the Supreme Court's view of protected political activities under its *Citizens United* decision, and the laws governing political campaigns and political corruption.³⁰ As an academic commentator recently observed:

The concentration of political influence in the hands of crypto and AI industries raises profound questions about democratic accountability. . . . The crypto and

<https://www.wsj.com/politics/policy/crypto-law-trump-tether-bo-hines-45bcd95d>; Kirkpatrick, *supra* note 3; Thomas & Zhang, *supra* note 6.

²⁹ Eisen et al., *supra* note 3; Epstein, *supra* note 3; David Krause, "The New Kings of K Street: How Crypto and AI Are Reshaping American Political Influence," at 2 (April 21, 2026) ("The cryptocurrency industry's primary interest has never been innovation but rather regulatory capture."), <https://ssrn.com/abstract=6623481>; Thomas & Zhang, *supra* note 6; Charlie Warzel, "Is Crypto Dead? Or More Influential Than Ever?", *Atlantic* (Oct. 9, 2026) (transcript of podcast interview with Ben McKenzie), <https://www.theatlantic.com/podcasts/2026/10/crypto-influence-politics-ben-mckenzie/688946/>; see also the discussion accompanying footnotes 5 and 6.

³⁰ See Krause, *supra* note 29; Thomas & Zhang, *supra* note 6, at 86-87, 92-100; Tim Wu, "Antitrust and Corruption: Overruling Noerr" (Knight First Amendment Instit., Oct. 20, 2020), <https://knightcolumbia.org/content/antitrust-and-corruption-overruling-noerr>.

AI industries have constructed an influence machine of unprecedented scale and sophistication. Through a combination of traditional lobbying, super PAC spending, and dark money operations, they have amassed hundreds of millions of dollars to shape legislation and elections. The legal architecture that enables this spending, particularly the Supreme Court's *Citizens United* decision, has created an environment in which the wealthiest industries can effectively purchase political outcomes.³¹

The Crypto Industry Is Largely Immune from Effective Regulation under Existing Laws

An activist antitrust regulator in the United States, the European Union, or elsewhere could argue, like Louis Brandeis, that governments should break up concentrations of economic power when those concentrations threaten to wield undue influence over political elections and government policies. However, even under this Brandeisian view, enforcement against the crypto industry would face two major obstacles:

³¹ Krause, *supra* note 29, at 9, 11.

- there is no international antitrust authority with power to act across borders against a global industry dominated by large international firms; and
- there is no international antitrust tribunal capable of enforcing remedies against global antitrust violations.

In addition, when powerful national governments like the U.S. are staffed at the top levels by representatives and advocates for the crypto industry, there is little hope of exerting meaningful control over that industry through application of Brandeisian antitrust principles.

Additional legal barriers are presented by the fact that dominant foreign crypto firms have deliberately chosen to establish their “legal residence” in “offshore” jurisdictions with weak or nonexistent rules, thereby avoiding effective oversight by U.S. authorities. For example, Binance, the dominant global crypto exchange, is headquartered in Abu Dhabi and is not regulated meaningfully by any leading developed nation. Earlier this year, Binance failed to obtain a license that would have brought it into compliance with the European Union’s Markets in Crypto-Assets Regulation (MiCAR). Despite that failure,

Binance reportedly has continued to solicit and serve EU residents through its online services and offshore facilities.³²

Similarly, Tether, the issuer of USDT, the dominant global stablecoin, is headquartered in El Salvador and is not regulated effectively by any leading developed nation. Tether has not complied with MiCAR, and the EU has barred USDT from being offered in the European Union after January 8, 2027.³³ Tether has launched a new U.S.-based stablecoin (USAT), which reportedly will comply with the GENIUS Act. However, Tether intends to seek regulatory waivers for its dominant USDT stablecoin under the “reciprocity” provisions available to certain foreign stablecoin issuers under the GENIUS Act. Those waivers, if granted, would allow Tether’s USDT stablecoin to be offered to U.S. citizens and residents without complying with

³² Nikou Asgari et al., “EU questions Binance over continued operations despite wind-down order,” *Financial Times* (Oct. 1, 2026), <https://www.ft.com/content/534b6887-63ac-49c7-a816-a81edd2e8de1?syn-25a6b1a6=1>; Olga Kharif et al., “How Binance Keeps Doing Business in Europe Without a License,” *Bloomberg* (Sept. 4, 2026), <https://www.bloomberg.com/news/articles/2026-09-04/how-binance-keeps-doing-business-in-europe-without-a-license>; Arthur E. Wilmarth, Jr., “The Unacceptable Risks of Uninsured Nonbank Stablecoins,” at 10-11 (Mar. 10, 2026) [hereinafter Wilmarth, “Unacceptable Risks”] <https://ssrn.com/abstract=6400458>.

³³ Lockridge Okoth, “EU Gives Crypto Exchanges 3 Months to Drop Unauthorized Stablecoins: What Happens to USDT?,” *Yahoo Finance* (Oct. 8, 2026), <https://finance.yahoo.com/markets/crypto/articles/eu-gives-crypto-exchanges-3-120054718.html>; Wilmarth, “Unacceptable Risks,” *supra* note 32, at 6, 10-11.

many of the requirements that apply to domestic issuers of stablecoins.³⁴

Binance and Tether have established close and highly beneficial relationships with President Trump, his family members, and/or his close advisers and business associates.³⁵ At the same time, Binance and Tether have allowed their exchanges and stablecoins to be used for pervasive and large-scale criminal operations, including violations of AML, KYC, and CFT laws.

Binance and Changpeng Zhou (Binance's founder, CEO, and principal shareholder) pleaded guilty in November 2023 to systemic criminal violations of AML laws, resulting in a \$4.3 billion fine for Binance and a four-month prison sentence for Zhou. Binance agreed to implement a court-monitored

³⁴ Paul Kim, "Bo Hines Says Tether's Stablecoins to Align With GENIUS Act Rules," *Yahoo Finance* (Sept. 23, 2026), <https://finance.yahoo.com/news/bo-hines-says-tether-stablecoins-132335223.html>; Wilmarth, "Looming Threat," *supra* note 21, at 20-23, 123-28; Wilmarth, "Unacceptable Risks," *supra* note 32, at 10-11.

³⁵ With respect to Binance, see Angus Berwick, Patricia Kowsmann & Rebecca Ballhaus, "How a Billionaire Felon Boosted Trump's Crypto Company en Route to a Pardon," *Wall Street Journal* (Oct. 29, 2025), <https://www.wsj.com/finance/currencies/binance-trump-crypto-pardon-cz-changpeng-zhao-1007fde9>; Eisen et al., *supra* note 3; Epstein, *supra* note 3; Kirkpatrick, *supra* note 3; Thomas & Zhang, *supra* note 6, at 86-97. With regard to Tether, see Kessler, *supra* note 28; Miles Johnson et al., "The criminal's 'go-to cryptocurrency' has a new friend in the White House," *Financial Times* (Dec. 11, 2024), <https://www.ft.com/content/b3c5b67d-1df8-4417-8dd5-2c86d76d6392>; David Yaffe-Bellany & Kenneth P. Vogel, "Tether Was Accused of Fraud. Now It's a Crypto Darling in Washington," *New York Times* (May 1, 2025), <https://www.nytimes.com/2025/04/29/technology/trump-crypto-tether.html>.

compliance program as part of its plea agreement. However, Binance reportedly has continued to permit Iran, Iran-linked terrorist groups, and criminal gangs to launder huge amounts of funds on Binance's platforms in violation of its plea deal.³⁶ Similarly, Tether's USDT stablecoins have been used as payment instruments for billions of dollars of illegal dealings (including many transactions occurring on Binance's exchange), which have benefited Iran, Iran-linked terrorist groups, Russia, other sanctioned regimes, and criminal gangs.³⁷

³⁶ Angus Berwick & Patricia Kowsmann, "How a Binance 'High-Value Customer' Established a Financial Lifeline for Iran," *Wall Street Journal* (Oct. 9, 2026), <https://www.wsj.com/world/middle-east/how-a-binance-high-value-customer-established-a-financial-lifeline-for-iran-43bdd88e>; U.S. Dept. of Justice, Press Release: "Binance and CEO Plead Guilty to Federal Charges in \$4B Resolution" (Nov. 21, 2023), <https://www.justice.gov/archives/opa/pr/binance-and-ceo-plead-guilty-federal-charges-4b-resolution>; Wilmarth, "Unacceptable Risks," *supra* note 32, at 10-11 (citing news reports of Binance's violations of its plea agreement); Spencer Woodman et al., "Crypto giants moved billions linked to money launderers, drug traffickers and North Korean hackers" (Int'l Consortium of Investigative Journalists, Nov. 17, 2025), <https://www.icij.org/investigations/coin-laundry/cryptocurrency-exchanges-binance-okx-money-laundering-crime/>.

³⁷ Sen. Richard Blumenthal (D-CT), Press Release, "Blumenthal Releases PSI Report Detailing how Lutnick-Linked Crypto Firm Tether Props Up Iran's Shadow Banking System" (Sept. 28, 2026), <https://www.blumenthal.senate.gov/newsroom/press/release/blumenthal-releases-psi-report-detailing-how-lutnick-linked-crypto-firm-tether-props-up-irans-shadow-banking-system>; Ben Foldy, "From Hamas to North Korean Nukes, Cryptocurrency Tether Keeps Showing Up," *Wall Street Journal* (Oct. 27, 2023), <https://www.wsj.com/finance/currencies/most-popular-cryptocurrency-keeps-showing-up-in-illit-finance-71d32e5e>; Johnson et al., *supra* note 35 (reporting that Tether's USDT stablecoin "has cemented its place as the go-to cryptocurrency for international criminals," as the "constellation of gangsters and sanctions evaders using Tether includes cocaine cartels, North Korean hackers, Iranian and Russian spies, and fentanyl smugglers," and USDT was identified as "the stablecoin most used for illicit activity globally last year, according to a report by TRM Labs"); Wilmarth, "Looming Threat," *supra* note 21, at 20-23, 125-28; Wilmarth, "Unacceptable Risks," *supra* note 32, at 10-11; Woodman et al., *supra* note 36.

The lucrative favors obtained by Binance and Tether through their influential political relationships, despite their continuing violations of law, indicate that powerful foreign crypto firms can effectively leverage their dominant market positions, political clout, and offshore locations to evade compliance with antitrust laws, anticorruption rules, and financial regulations prescribed by leading developed nations. It is reasonable to expect that those firms will continue their efforts to expand their political influence, obtain additional regulatory favors, and entrench their control over the production and sale of crypto-assets around the world.

In sum, despite overwhelming evidence of political collusion and widespread violations of law by leading crypto firms, there are significant legal barriers to applying effective sanctions to those firms. Agencies and courts are likely to struggle in providing effective relief when blockchain encryption and other crypto-related maneuvers make ownership of crypto-assets extremely difficult to trace and responsibility for crypto-related violations very challenging to prove. As shown above, **the current state of antitrust laws and laws governing political campaigns and political corruption pose major problems for law enforcement agencies when they try to**

prosecute industry-coordinated political and lobbying campaigns.

In addition, federal courts have shown great reluctance to order strong antitrust remedies against a powerful Big Tech firm like Google and Apple—such as an enforced breakup of the firm or a mandatory divestiture of one of the firm’s major segments— even after courts determined that (i) Google exercised effective “chokeholds” over the Internet search and advertising markets, and (ii) Apple exercised similar anticompetitive control over its “app store,” a key marketing forum for software developers. It is therefore highly doubtful whether antitrust laws can provide an adequate remedy for the grave dangers posed by dominant crypto firms.

Congress Must Require the Crypto Industry to Comply with the Same Rules That Apply to Traditional Financial Institutions Performing Functionally Equivalent Activities

Congress must recognize that the growing economic and financial power and expanding political influence of the global crypto industry pose grave and unacceptable threats to our financial and political systems and the American people, particularly in view of the industry’s record of pervasive crimes, frauds, scams, and influence-peddling. **There are no current**

prospects for creating an effective transnational institution that could coordinate international enforcement efforts against the global crypto industry. Similarly, U.S. antitrust laws and U.S. laws regulating political campaigns and political corruption do not provide federal government agencies with adequate remedies to prevent further abuses of the public trust by the crypto industry.

The potential adverse consequences of granting further concessions to the crypto industry, as proposed by the highly dangerous **CLARITY Act**, include: (1) undermining the stability and integrity of our banking system and financial markets, (2) inflicting massive losses on investors and consumers, (3) diverting trillions of dollars of household savings from deposits held at community and regional banks into uninsured stablecoins and other risky crypto-assets, thereby weakening the ability of community and regional banks to provide vitally-needed credit to consumers and Main Street businesses, which they cannot obtain from crypto firms,³⁸ (4) severely undermining the ability of central banks to maintain effective control over the money supply and monetary policy, and (5) crippling the ability of law enforcement agencies to stop crypto firms from facilitating money laundering, evasion of sanctions

³⁸ For discussions of the highly adverse impact of crypto stablecoins, which siphon large amounts of deposits out of community and regional banks and significantly reduce the availability of credit to consumers and Main Street businesses, see Barbara Negri Oppen, “A Primer on Disintermediation and CryptoCurrencies,” *Cryptoskeptics* 101, <https://substack.com/home/post/p-211038200> (Aug. 13, 2026); Andrew Rodrigo Nigrinis, “The Lending Impact of Stablecoin-Induced Deposit Outflows” (Oct. 10, 2025), <https://ssrn.com/abstract=5586850>; Wilmarth, “Unacceptable Risks,” *supra* note 38, at 25-27.

on rogue regimes and terrorist groups, and a host of other criminal activities. Accordingly, Congress should reject the CLARITY Act and use its review and oversight authority to thwart the Trump Administration's efforts to implement the CLARITY Act's toxic provisions by rulemaking.

To bring the crypto industry under effective U.S. control and protect the American people from the dangers posed by crypto-assets, Congress must (i) repeal the deeply misguided and profoundly dangerous provisions of the GENIUS Act, and (ii) enact legislation that requires crypto firms to comply with the same essential public safeguards (including examination, supervision, reporting, and disclosure requirements) that apply to federally-insured banks, securities broker-dealers, mutual funds, and regulated securities exchanges. Remedial legislation must adopt the principle of "same activity, same risk, same regulation" by requiring crypto firms to follow the same "rules of the road" governing traditional financial institutions that provide functionally equivalent financial products and services. Based on that principle, stablecoins, which are functional substitutes for bank deposits, should be issued only by federally-insured banks, and crypto-assets with fluctuating values should be regulated in the same way as investment securities.³⁹

³⁹ Prepared Statement of Lee Reiners, Hearing on "Crypto Crash: Why Financial System Safeguards are Needed for Digital Assets," Before the U.S. Senate Committee on Banking, Housing, and Urban Affairs (Feb. 14, 2023), at 2-3, 24-28, <https://www.banking.senate.gov/imo/media/doc/Reiners%20Testimony%202-14-23.pdf>; Benjamin Schiffrin, "Crypto Should Be Regulated by the SEC under the *Howey* Test to Protect Investors and Enforce the Securities Laws" (Better Markets, July 25, 2024), https://bettermarkets.org/wp-content/uploads/2024/07/BetterMarkets_Howey_Report-7.25.2

ATTACHMENT: CRYPTO MARKET STRUCTURE STUDY

<https://cryptoskeptics.org/tracker.html>

CRYPTOSKEPTICS FORUM'S

Crypto Market-Structure Study

A functional map of how the crypto industry is organized competitively: who the players are in each segment, how concentrated each segment is (measured by HHI, the standard antitrust metric), and where single firms combine functions that create self-preferencing and conflict-of-interest risks.

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[4.pdf](#); Thomas & Zhang, *supra* note 6, at 98-101; Wilmarth, “Looming Threat,” *supra* note 21, at 8-12, 52-67, 104-30; Wilmarth, “Crypto Industry,” *supra* note 13, at 242-43, 299-326. The required remedial legislation should include a prohibition that would terminate an unlawful and extremely dangerous initiative of the Office of the Comptroller of the Currency (“OCC”). The OCC has violated its statutory authority by allowing newly-chartered uninsured national trust banks to issue stablecoins and engage in other speculative crypto activities. The OCC’s illegal crypto trust bank charters—including one issued to the Trump family’s crypto empire—pose grave threats to the U.S. financial system and the American people because they threaten to flood our financial markets with stablecoins, crypto derivatives, and other risky crypto-assets, which (i) are unprotected by federal deposit insurance or any other federal guarantee, and (ii) are not subject to the prudential requirements and consumer protection safeguards that apply to federally-insured banks. The OCC’s unlawful charters are sowing the seeds for future unfunded bailouts of crypto stablecoin issuers. As a preview of such disasters, recall that Circle (the issuer of USDC stablecoins) was the largest beneficiary of the FDIC’s decision to rescue Silicon Valley Bank’s uninsured depositors in March 2023. Circle was SVB’s largest uninsured depositor, holding \$3.3 billion of deposits that represented 8% of its reserves for USDC stablecoins. The FDIC’s rescue of Circle was reportedly motivated in part by the federal government’s desire to prevent a generalized panic in the stablecoin market. See Wilmarth, “Time Bomb,” *supra* note 7; Arthur E. Wilmarth, Jr., “The OCC’s Crypto Trust Bank Charters Violate Federal Laws, Undermine the OCC’s Credibility, and Create Unacceptable Systemic Dangers,” *Florida State University Business Review* (forthcoming).

Reviewed and verified 14 September 2026. Figures are as of the dates shown for each segment.

This is an independent research study for informational purposes only. It is not legal, investment, or financial advice. Market shares are drawn from public data sources of varying reliability (reported exchange volume in particular is vulnerable to wash trading); every figure links to its source in the online version and should be independently verified before being relied upon.

How economists read market structure

Antitrust analysis starts by defining each relevant product market (a distinct set of products or services offered by firms competing in that market) and then asks how concentrated each market is. Crypto is not a single market for antitrust analysis but rather is an identifiable industry that comprises multiple related market segments (e.g., exchanges, stablecoin issuers, custodians, miners and validators, wallets, and lending/DeFi) that compete on different terms and raise different risks. However, those segments are sufficiently interrelated and interdependent to be commonly considered as parts of the same industry.

In terms of overall scale, the IMF's Crypto Assets Monitor (Q2 2026) estimated that the total global market capitalization of all crypto-assets was approximately \$2.3 trillion in June 2026, a decline of almost 50% from its peak capitalization of \$4.4 trillion in October 2025. The IMF also stated that the global

crypto market's total capitalization was equal to roughly 4% of US equity markets and 8% of US debt markets. Stablecoins had a total market capitalization of around \$311 billion in June 2026 (accounting for about 14% of the crypto market), with USDT and USDC representing about 84% of all outstanding stablecoins. Centralized exchanges remained the primary trading venues for stablecoins and other crypto-assets. The IMF noted that spillovers from equities into crypto have risen to levels not seen since 2023, which is why concentration here is a financial-stability question as much as a competition concern.

The standard concentration measure is the Herfindahl-Hirschman Index (HHI): the sum of each firm's squared percentage market share, from near 0 (perfectly competitive) to 10,000 (monopoly). Under the DOJ/FTC Merger Guidelines (2023), a market with an HHI below 1,000 is unconcentrated, one between 1,000 and 1,800 is moderately concentrated, and one above 1,800 is highly concentrated.

Horizontal concentration is not the whole story. The second question is vertical integration: whether one firm operates in several market segments at the same time, such as running an exchange while also market-making on it, issuing the token it lists, or acting as a custodian for others with regard to the assets it trades. Those vertically-integrated combinations provide the greatest potential for self-preferencing, conflicts of interest, foreclosure of competition, and financial-stability risks.

Concentration by segment

Each row is a relevant market. The HHI is computed from the shares shown. Two segments, Centralized Exchanges and Stablecoin Issuers, are highly concentrated under federal Merger Guidelines.

Segment	Approximate size	HHI	Concentration	Largest players
Centralized Exchanges	~\$18.7T reported spot volume (2025)	1,912	Highly concentrated	Binance 39.2%, Bybit 8.1%, MEXC 7.8%
Stablecoin Issuers	~\$311B circulating market cap (mid-2026)	4,088	Highly concentrated	USDT 59.2%, USDC 23.8%, USDS 2.6%
Custodians	~\$950B assets under custody (2026 est.)	n/a	Not quantified	no reliable public per-firm data
Miners / validators	~\$15B/yr miner revenue (issuance+ fees); hashrate flow	1,375	Moderately concentrated	Foundry USA 24.8%, AntPool 18.6%, F2Pool 16.3%

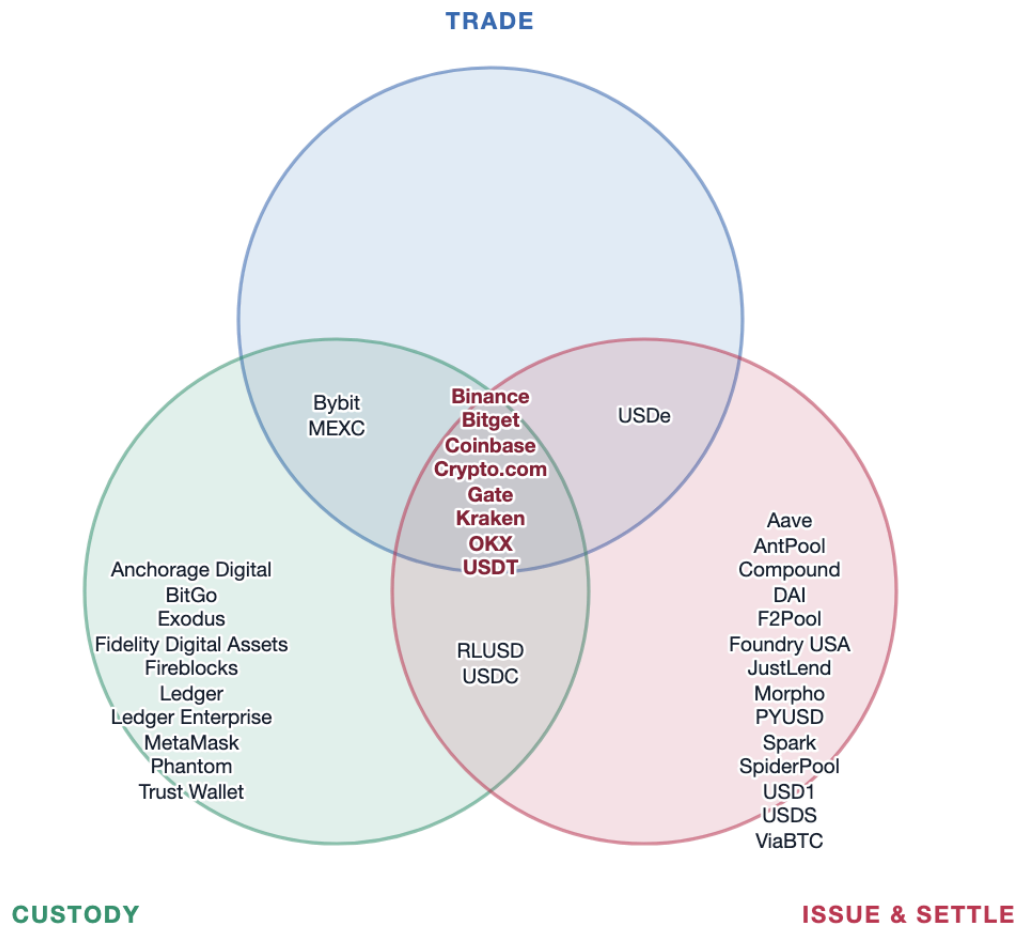
Segment	Approximate size	HHI	Concentration	Largest players
Wallets	Hundreds of millions of users (no \$ market)	n/a	Not quantified	no reliable public per-firm data
Lending DeFi	/ ~\$54B total value locked (deposits)	1,412	Moderately concentrated	Aave 27.0%, Morpho 21.9%, Spark 12.6%

HHI thresholds (2023 DOJ/FTC Merger Guidelines): below 1,000 unconcentrated; 1,000 to 1,800 moderately concentrated; above 1,800 highly concentrated.

Who wears which hats: the vertical-integration Venn Diagram

Every firm in the following Venn Diagram is identified as engaged, or not engaged, in three major categories of crypto functions: Trade (*e.g.*, running a centralized exchange or other trading venue), Custody (*e.g.*, holding crypto-assets and keys), and Issue & Settle (*e.g.*, issuing and redeeming stablecoins and other crypto tokens). The eight firms in the center of the Venn Diagram are the most vertically integrated firms because they operate in all three major categories of crypto functions: Binance, Bitget, Coinbase, Crypto.com, Gate, Kraken, OKX, and Tether (USDT). Thus, the center of the Venn Diagram includes large, vertically-integrated crypto conglomerates that resemble Sam Bankman-Fried's FTX/Alameda crypto empire, creating the

greatest concerns about self-preferencing, conflicts of interest, and risks to financial stability.



Vertical integration and conflicts

Each firm below performs functions in two or more market segments. Firms that operate in multiple market segments have a higher potential for self-preferencing and conflicts of interest. Firms marked with “Yes” in the final column operate in all three major categories of “Trade,” “Custody,” and “Issue and Settle,” creating a vertically-integrated conglomerate structure similar to FTX/Alameda.

Firm	Segment	Functions performed	All three major roles
Binance	Centralized Exchanges	Spot exchange, Derivatives venue, Custody, Market-making / prop trading, Native token issuer, Listing control, Blockchain / validation, Wallet	Yes
Bybit	Centralized Exchanges	Spot exchange, Derivatives venue, Custody, Wallet	No
MEXC	Centralized Exchanges	Spot exchange, Derivatives venue, Custody, Listing control, Wallet	Yes
Gate	Centralized Exchanges	Spot exchange, Derivatives venue, Custody, Native token issuer, Wallet	Yes

Firm	Segment	Functions performed	All three major roles
OKX	Centralized Exchanges	Spot exchange, Derivatives venue, Custody, Native token issuer, Blockchain / validation, Wallet	Yes
Crypto.com	Centralized Exchanges	Spot exchange, Derivatives venue, Custody, Native token issuer, Wallet	Yes
Bitget	Centralized Exchanges	Spot exchange, Derivatives venue, Custody, Native token issuer, Wallet	Yes
Coinbase	Centralized Exchanges	Spot exchange, Derivatives venue, Custody, Stablecoin issuer, Listing control, Blockchain / validation, Wallet	Yes
Kraken	Centralized Exchanges	Spot exchange, Derivatives venue, Custody, Blockchain / validation, Wallet	No
USDT <i>Stablecoin issuer affiliated with the</i>	Stablecoin Issuers	Stablecoin issuer, Spot exchange, Derivatives venue, Custody, Market-making / prop trading	Yes

Firm	Segment	Functions performed	All three major roles
<i>Bitfinex crypto exchange</i>			
USDC	Stablecoin Issuers	Stablecoin issuer, Custody	No
USDS	Stablecoin Issuers	Stablecoin issuer, Lending	No
USDe	Stablecoin Issuers	Stablecoin issuer, Market-making / prop trading	Yes
DAI	Stablecoin Issuers	Stablecoin issuer, Lending	No
RLUSD	Stablecoin Issuers	Stablecoin issuer, Custody	No
BitGo	Custodians	Custody, Wallet	No
Fireblocks	Custodians	Custody, Wallet	No
Ledger Enterprise	Custodians	Custody, Wallet	No

Archetype: the FTX / Alameda pattern. A single group runs a customer-facing exchange, an affiliated market-maker trading on it, and issues a token whose listing it controls.

Foreign vs. US control

For each measurable market segment, the following table shows the share of the relevant segment controlled by firms based outside the US, in the US, or run by decentralized protocols with no identifiable home. The table confirms that highly significant segments of the crypto ecosystem, including centralized exchanges, stablecoins, and Bitcoin mining and validation, are dominated by foreign firms.

Segment	Foreign-controlled	US-domiciled	Decentralized
Centralized Exchanges	91%	9%	0%
Stablecoin Issuers	65%	29%	6%
Miners / validators	68%	32%	0%
Lending / DeFi	0%	0%	100%

Foreign here means the controlling firm is domiciled outside the United States. Decentralized protocols (much of DeFi) have no single corporate home.

Market-share leaderboard

The following table shows the largest and most important crypto firms, ranked by their respective share(s) of the market segment(s) in which they compete. Each percentage shown

below is the firm's share of the relevant market segment (not the entire crypto market).

Ran k	Firm	Segment	Share of segment
1	USDT	Stablecoin Issuers	59.2%
2	Binance	Centralized Exchanges	39.2%
3	Aave	Lending / DeFi	27.0%
4	Foundry USA	Miners / validators	24.8%
5	USDC	Stablecoin Issuers	23.8%
6	Morpho	Lending / DeFi	21.9%
7	AntPool	Miners / validators	18.6%
8	F2Pool	Miners / validators	16.3%
9	Spark	Lending / DeFi	12.6%
10	SpiderPool	Miners / validators	9.1%
11	Bybit	Centralized Exchanges	8.1%
12	ViaBTC	Miners / validators	8.1%
13	MEXC	Centralized Exchanges	7.8%
14	Gate	Centralized Exchanges	7.5%

What the leading companies have done

The following discussion reviews the public record of government enforcement actions, settlements, and notable incidents occurring at the most vertically-integrated crypto firms, along with Circle (USDC) and Kraken. Links to sources are provided in the online version.

Binance

Nov. 2023: pleaded guilty and paid ~\$4.3B to settle DOJ, FinCEN, OFAC and CFTC charges over money-laundering, sanctions, and unlicensed money-transmission violations. Binance's founder, Changpeng Zhao, pleaded guilty, stepped down as CEO, and served a four-month prison term. He subsequently received a pardon from President Trump in 2025. The CFTC's 2023 complaint alleged Binance ran undisclosed in-house trading desks on its own platform.

Gate

Operates largely outside US oversight, with limited formal enforcement but recurring questions have arisen about its proof-of-reserves and the light scrutiny applied to the thousands of tokens it lists.

OKX

Feb. 2025: pleaded guilty to running an unlicensed money-transmitting business and agreed to pay about \$505M (\$84.4M criminal fine plus \$420.3M forfeiture of fees). The US DOJ said OKX served US customers who transacted over \$1

trillion from about 2018 to early 2024, with weak anti-money-laundering controls, and that an employee coached US users on how to evade its restrictions.

Crypto.com

Received a Wells notice from the SEC in 2024 and pre-emptively sued the SEC; the matter was later dropped. Its advertising has drawn regulatory scrutiny (e.g., UK ad bans), and in 2021 it mistakenly transferred AU\$10.5M (about US\$7M) to a customer instead of a small refund; the error went undetected for about seven months, and the recipient was later jailed after spending much of it.

Bitget

Faced scrutiny after a 2025 anomaly occurred in its VOXEL token market and, like other offshore venues, operates outside direct US supervision; limited formal enforcement to date.

Coinbase

Sued by the SEC in 2023 for operating as an unregistered securities exchange; the case was dropped in 2025 by the SEC's Trump-appointed leadership. Coinbase disclosed in May 2025 that cybercriminals had bribed overseas customer-support contractors to steal data on roughly 70,000 users; Coinbase refused a \$20M ransom and told the SEC the incident could cost about \$180M to \$400M in remediation and customer reimbursements.

Kraken

Feb. 2023: paid \$30M and shut its US staking program to settle SEC charges that it was offering unregistered securities. It also settled with the CFTC in 2021 (\$1.25M, illegal margined retail trading) and with OFAC in 2022 (~\$362k, Iran sanctions). The SEC sued it as an unregistered exchange in 2023; that case was dropped by the SEC's Trump-appointed leadership in 2025.

USDT

2021: settled with the New York Attorney General for about \$18.5M, and was banned from NY, based on findings that USDT was not always fully backed by reserves and that funds were commingled with Bitfinex; separately paid the CFTC \$41M for misrepresenting its reserves. It has never published a full independent audit.

USDC

Comparatively clean on enforcement, but USDC lost its peg to the dollar in March 2023, falling to \$0.87 after \$3.3B of USDC's reserves were trapped as uninsured deposits at the failing Silicon Valley Bank. USDC only recovered its peg after the FDIC agreed to bail out SVB's uninsured depositors. USDC's reserve income is shared with Coinbase, tying a leading stablecoin's economics to a leading exchange.

Which blockchains DeFi runs on

DeFi total value locked (TVL) of approximately \$72B is spread across many blockchains. The figures shown below provide

aggregate TVLs for the largest DeFi chains. Ethereum holds ~53% of all DeFi TVL, and Solana is the fastest-growing challenger; note that Tron, although holding only ~6% of DeFi TVL, carries the most stablecoins of any chain.

Blockchain	Share of DeFi
Ethereum	53.1%
BNB Chain	7.0%
Solana	6.7%
Tron	6.4%
Base	5.8%
Bitcoin	5.7%
Others	15.3%

Glossary

Market segment

A distinct part of the crypto industry that performs one function and competes under conditions that are different from other market segments. Each market segment is analyzed separately because concentration and risks differ across them, much as "the auto industry" separates carmakers, dealers, parts suppliers, and financing. In antitrust analysis, it is the starting point for defining a "relevant market."

Source: DOJ/FTC Merger Guidelines

Centralized exchange (spot)

An online platform, run by a company, which enables investors to buy and sell crypto by matching buyers and sellers and holding customers' funds, operating in effect as a stock exchange and brokerage combined (e.g., Binance, Coinbase, Kraken).

Source: CoinMarketCap Academy

Stablecoin issuer

A company or protocol that issues "stablecoins", tokens designed to hold a steady value against a reference asset (usually the US dollar), typically backed by reserves such as cash, government securities, and bank deposits. The IMF cautions that stablecoins are only as stable as their reserves and their issuer's ability and willingness to honor redemption requests.

Source: IMF

Custodian

A firm, usually a regulated bank or trust company, that safeguards the cryptographic "private keys" controlling clients' crypto-assets, keeping the assets segregated as client property and returning them on demand. The digital-asset equivalent of a securities custodian or bank vault.

Source: Kraken Learn

Miner / validator

The operators who run and secure a blockchain and confirm its transactions. On "proof-of-work" chains (Bitcoin) miners spend computing power to add blocks and earn coins; on "proof-of-stake" chains (Ethereum) validators lock up ("stake") coins as collateral to win the right to confirm blocks. Concentration among validators raises market-power and censorship concerns.

Source: Ethereum Foundation

Wallet

Software or a device that stores the keys used to hold, send, and receive crypto and to connect to crypto apps. In a "custodial" wallet a third party (often an exchange) holds your keys; in a "non-custodial" or "unhosted" wallet you control them yourself.

Source: Gemini Cryptopedia

Lending / DeFi

"Decentralized finance" (DeFi) is an umbrella term for crypto-asset services, including issuing, lending, borrowing, and trading, that replicate the functions of traditional finance while replacing financial intermediaries with computer protocols and automated "smart contracts." For example, DeFi lending protocols pool customer deposits of crypto-assets and establish lending rates by algorithm; the BIS notes that control over a DeFi protocol often rests with the protocol's governance-token holders.

Source: BIS

HHI (Herfindahl-Hirschman Index)

The standard antitrust measure of concentration: the sum of each firm's squared percentage market share, from near 0 (many equal firms) to 10,000 (a monopoly). Above 1,800 is "highly concentrated."

Source: DOJ/FTC Merger Guidelines

Wash trading

Fake trading in which a party trades with itself to inflate reported volume, making a trading venue look busier than it really is, which is why reported exchange volume can overstate genuine activity.

Source: CFTC Glossary

Vertical integration

When one firm operates in several market segments at the same time, e.g., running an exchange while also market-making

on it and issuing the token it lists, creating the potential for conflicts of interest and systemic-risk concerns.

Source: Britannica

Self-preferencing

When a firm that runs a centralized exchange or other trading venue uses that position to favor its own products or those of its affiliates over products offered by competitors, e.g., an exchange that steers users toward its own token.

Source: OECD

Data and limitations

Centralized Exchanges

Basis: Share of reported spot trading volume among centralized exchanges, full-year 2025 (CoinGecko basis). The numerator for each exchange's market share is based on the exchange's reported spot trading volume, which is inflated by wash trading on some venues and understates custody-heavy players (Coinbase ranks higher based on assets held in custody than by trading volume). Figures are unadjusted reported trading volume, full-year 2025 (CoinGecko basis).

Stablecoin Issuers

Basis: Share of the total market capitalization of outstanding stablecoins (~\$311B), ranked by coin, mid-2026. The numerator for each stablecoin issuer's share of the stablecoin market is

based on the outstanding market capitalization of that issuer's stablecoins (on-chain, reliable). Issuer-level aggregation (e.g., Sky's USDS + DAI) is a judgment call, and reserve quality behind each coin is not captured. As of 2026-06-21.

Custodians

Basis: Assets under custody (AUC), no reliable public per-firm breakdown. No public per-firm AUC breakdown exists, so shares are not reliably quantifiable; industry reports put the top five providers at only ~46% collectively. Coinbase's ETF-custody dominance is not reflected here (counted under Exchanges), so any HHI on independent custodians would understate the real bottleneck.

Miners / validators

Basis: Share of Bitcoin blocks found by pool over the trailing 30 days (mempool.space), August 2026. Shares are pool blocks found over a trailing 30-day window, which smooths week-to-week luck but still shifts as hashrate migrates between pools. Ownership links matter: Foundry is owned by Digital Currency Group and AntPool by Bitmain, which also influences other pools, so by-controlling-group concentration is higher than these by-pool figures suggest.

Wallets

Basis: Active users / installs, no reliable cross-wallet market-share data. Wallets do not report comparable user or asset figures, so shares are not quantifiable. Note the

ownership links: Trust Wallet is owned by Binance and Coinbase Wallet by Coinbase, so parts of the wallet layer are controlled by the largest exchanges (captured under Exchanges).

Lending / DeFi

Basis: Share of DeFi lending total value locked (deposits, ~\$54B), mid-2026 (DefiLlama). Denominator is TVL (deposits), which is on-chain but volatile and can be inflated by recursive/looped deposits. Aggregation matters: Spark is part of the Sky ecosystem, so the by-controlling-group figure is higher. Aave also dominates active borrowing (~60%+) more than its TVL share suggests.

Methodology

The online version of the Market Structure Study is the interactive version of the same Study that is incorporated in this Report to Congress. The online interactive version and the PDF version incorporated in this Report present the same data and the same findings.

The Market Study's methodology is based on standard competition analysis, including (i) defining relevant markets and market segments, (ii) measuring concentration levels for market segments based on computations of the Herfindahl-Hirschman

Index (HHI), and (iii) mapping the vertical integration of leading crypto firms. All numerical data and narrative descriptions presented in the Study are derived from publicly available sources, including CoinGecko, DefiLlama, mempool.space, the International Monetary Fund's Crypto Assets Monitor, and records of enforcement proceedings filed by the U.S. Department of Justice, the Securities and Exchange Commission, and state regulatory agencies.

In preparing the Market Study, members of the Cryptoskeptics Forum used Anthropic's Claude as a research and production assistant. Claude assisted in gathering and organizing publicly available market data, in computing market concentration levels for each market segment in accordance with the HHI, and in building the interactive graphs included in the online version of the Study. Members of the Forum (including two retired antitrust attorneys and a retired professor of banking and financial law) established the analytical framework for the Study, selected reliable public data sources, and made judgment calls about specific market segments that either (i) could be evaluated using HHI analysis, based on reliable, publicly available quantitative data, or (ii) could not be evaluated quantitatively, due to the absence of such data. Members of the Forum determined the methodology and analytical approach used in the Study, reviewed and approved the data used in the Study, prepared the textual analysis, and made the specific findings presented in the Study. Claude did not have any role in defining the methodology

or analytical approach for the Study or in developing the Study's textual analysis and specific findings.