



Digital Assets: Where do we go from here?

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AGENDA

Course Description: This class will explore the recent history of the industry as well as give insight into the likely direction of digital assets with a particular view towards the regulatory environment.

Learning Objectives:

1. Understand what the regulatory environment for digital assets has been like over the last four years.
2. Discuss the impact of the recent election on digital assets
3. Forecast the direction of the industry for the next several years



Regulatory Environment - Past

2021

"Bitcoin, it just seems like a scam. I don't like it because it's another currency competing against the dollar." – Donald Trump 06/07/21

2021-2022: Agnostic years

U.S. President-elect Joe Biden nominates MIT Professor and former CFTC Chair Gary Gensler to lead the SEC. (2021)

Gensler said previously, "Bitcoin, ether, litecoin, and bitcoin cash are not securities." With these tokens comprising the bulk of crypto trade volume at the time, he said that "three-quarters of this market is probably not securities." (2018)

2021-2022: Agnostic years

The Gensler begins signaling the need for more regulation, calling crypto a "Wild West" fraught with fraud and abuse. He goes further by saying, "I believe we have a crypto market now where many tokens may be unregistered securities." (2021)

Gensler admits that digital tokens are suspended in a state of regulatory limbo. And he says that legislation from Congress would be helpful in providing greater clarity to the industry since "exchanges trading in these crypto assets do not have a regulatory framework either at the SEC, or our sister agency, the CFTC." (2021)

2021-2022: Agnostic years

Martin Gruenberg is nominated and confirmed as Chair of the FDIC.

Gensler doubles down on the "Wild West" narrative, and his tone hardens. "Of the nearly 10,000 tokens in the crypto market, I believe the vast majority are securities." (October 2022)

November 2022 – FTX Collapses

2023-2024: Operation Chokepoint 2.0

January 2023

- Federal bank regulators jointly issued a statement on crypto risks. The Federal Reserve, FDIC, and OCC warned banks about the "safety and soundness" risks and "reputational" risk of engaging with cryptocurrencies.
- Metropolitan Commercial Bank (known for serving crypto companies) announced it would exit the crypto business entirely. Crypto connected companies begin to scramble to find a new bank.

2023-2024: Operation Chokepoint 2.0

January 2023

- The Federal Reserve Board denied the application of Custodia Bank (a Wyoming-based Bitcoin bank) to become a member of the Federal Reserve System, citing "safety and soundness" risks.
- The Fed issued a new policy statement broadening its oversight of state-chartered banks engaged in crypto and explicitly discourage banks from holding crypto assets.
- White House Economic Council released a directive that warned banks against having crypto clients, again using the term "safety and soundness".

2023-2024: Operation Chokepoint 2.0

February 2023

- Department of Justice's fraud unit announced it was investigating Silvergate Bank for its dealings with FTX.
- The Fed's Jan. 27th policy statement was entered into the Federal Register, effectively turning it into binding guidance without any public comment period.
- Nic Carter pointed out in an article that these simultaneous moves by the Fed, FDIC, OCC, DOJ, and White House were too coordinated to be coincidence.

2023-2024: Operation Chokepoint 2.0

- The Biden administration's efforts were no secret: they were expressed in memos, regulatory guidance, op ed pieces, and blog posts.
- This was done through a process called "redline"; FDIC & OCC determine certain industries as too risky to do business with.

2023-2024: Operation Chokepoint 2.0

March 2023

- Silvergate Bank announced it would “wind down and liquidate voluntarily”
 - It returned 100% of deposits (without outside help), including an \$8B run after the FTX collapse.
 - Bankruptcy filings showed that the hostile regulatory environment was the reason it failed. “U.S. regulatory scrutiny” after the FTX crash made their business model “untenable.”

2023-2024: Operation Chokepoint 2.0

March 2023

- Signature Bank was seized by NY state regulators (becoming the 3rd largest bank failure in US history)
 - Board member Barney Frank publicly stated, "I think part of what happened was that regulators wanted to send a very strong anti-crypto message."
 - Reports surfaced (which were later confirmed) that the FDIC when selling the bank's assets, required bidders to drop its crypto business.

2023-2024: Operation Chokepoint 2.0

March 2024

- Crypto related companies began to fight back via legal challenges.
 - Interestingly, the SEC lost every court case in this period related to crypto against a company that had the resources to fight.
- Freedom of Information Act (FOIA) requests were made by Coinbase, Gemini, Kraken, Blockchain Association, Crypto Council for Innovation, and the Chamber of Digital Commerce.

2024: Operation Chokepoint 2.0

November 2024

- Presidential Election occurs

December 2024

- IRS implements DeFi broker rule (after the election) as a last hurrah against the crypto industry.





Regulatory Environment - Present

2024 Election

- Trump ran on a platform that included "making the U.S.A. the best in the world at crypto."
- "... will end Democrats' unlawful and unAmerican Crypto crackdown and oppose the creation of a Central Bank Digital Currency. We will defend the right to mine Bitcoin, and ensure every American has the right to self-custody of their Digital Assets, and transact free from Government Surveillance and Control."
- 278 pro-crypto house candidates were elected.

2024 Election

- March 6, 2025 – E.O. 14233 "Establishment of the Strategic Bitcoin Reserve and United States Digital Asset Stockpile"



2024 Election

- **Stephen Miran – Chair, Council of Economic Advisers:** A proponent of integrating blockchain and decentralized finance into the U.S. economy, Miran advocates for regulatory reforms to support the crypto industry.
- **Scott Bessent – Secretary of the Treasury:** Bessent has expressed openness to Bitcoin and other cryptocurrencies, suggesting a favorable outlook toward digital asset integration within the traditional financial system.
- **Howard Lutnick – Secretary of Commerce:** A strong supporter of Bitcoin, Lutnick has significant holdings and has been involved in providing custody services for Tether. His appointment indicates a potential shift toward embracing financial innovation.

2024 Election

- **David Sacks – AI and Crypto Czar:** Appointed in December 2024, Sacks is tasked with developing a legal framework for the cryptocurrency industry. Known for his pro-crypto stance, he aims to provide regulatory clarity and foster innovation in the sector.
- **Bo Hines – Executive Director, Crypto Council:** Leading the newly formed Crypto Council, Hines is responsible for balancing innovation with consumer protection while building a regulatory framework for digital assets.
- **Matt Gaetz – Attorney General:** A vocal advocate for cryptocurrency, Gaetz introduced legislation to allow the IRS to accept Bitcoin for tax payments. His nomination as Attorney General suggests a potential shift in the Department of Justice's approach to digital assets.

2024 Election

- **Michael Waltz – National Security Advisor:** Waltz has shown strong support for cryptocurrency, voting in favor of pro-crypto legislation and co-sponsoring bills opposing central bank digital currencies (CBDCs). He holds a personal investment in Bitcoin.
- **Tulsi Gabbard – Director of National Intelligence:** Gabbard has been critical of government moves to infringe on financial privacy and autonomy, opposing the promotion of CBDCs.
- **Paul Atkins – SEC Chair:** Atkins has consistently supported regulatory frameworks that promote innovation while minimizing bureaucratic burdens. He has criticized the SEC's previous "regulation-by-enforcement" approach, advocating instead for clear, transparent guidelines that enable the crypto industry to flourish

Regulation

- House Joint Resolution 25, utilizing the Congressional Review Act (CRA), is the first crypto bill ever signed into law.
- The House passed H.J. Res. 25 with a bipartisan vote of 292–132 on March 11, 2025 . The Senate had previously approved the resolution with a 70–27 vote on March 4, 2025 . President Donald Trump signed the resolution into law on April 10, 2025, effectively nullifying the IRS rule.

Regulation

- **Senate Bill 875:** Financial Integrity and Regulation Management Act or "FIRM Act"
 - To curtail the political weaponization of Federal banking agencies by eliminating reputational risk as a component of the supervision of depository institutions.
- **Senate Bill 394:** Guiding and Establishing National Innovation for U.S. Stablecoins of 2025 or "GENIUS Act of 2025"
 - The bill establishes a comprehensive regulatory framework for stablecoins
- **H.R. 2392:** Stablecoin Transparency and Accountability for a Better Ledger Economy or "STABLE Act"
 - The bill would require issuers to hold at least one dollar of reserve asset for every outstanding stablecoin.



Digital Assets - Future

2025 and Beyond

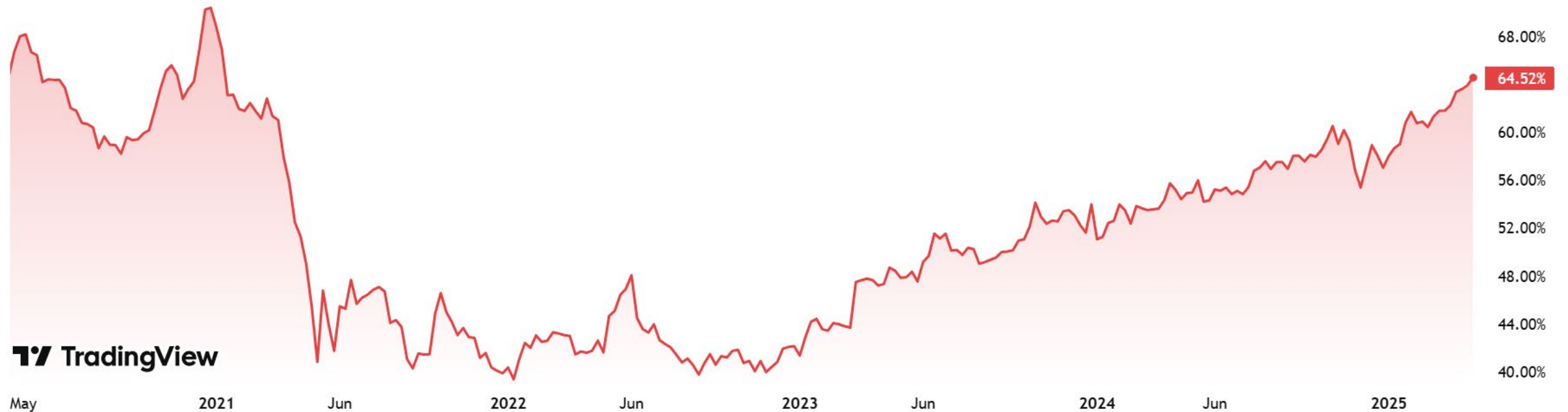
The Blackstone logo consists of the word "Blackstone" in white serif font, centered within a solid black rectangular box.The DigitalBridge logo features the word "DIGITALBRIDGE" in a dark blue sans-serif font. Above the text is a graphic of a bridge structure composed of vertical lines of varying heights, transitioning from dark blue to light green.The KKR Apollo logo displays "KKR" in a large, bold, purple serif font, with "APOLLO" in a smaller, green, all-caps sans-serif font positioned directly below it.The Blue Owl logo includes a stylized, light blue owl icon to the left of the words "BLUE OWL" in a dark blue, all-caps sans-serif font.The Silver Lake logo features the words "SILVER LAKE" in a bold, blue, all-caps sans-serif font.

- Currently \$100B in credit for RWAs (Real World Assets)
- For Energy and Compute infrastructure assets

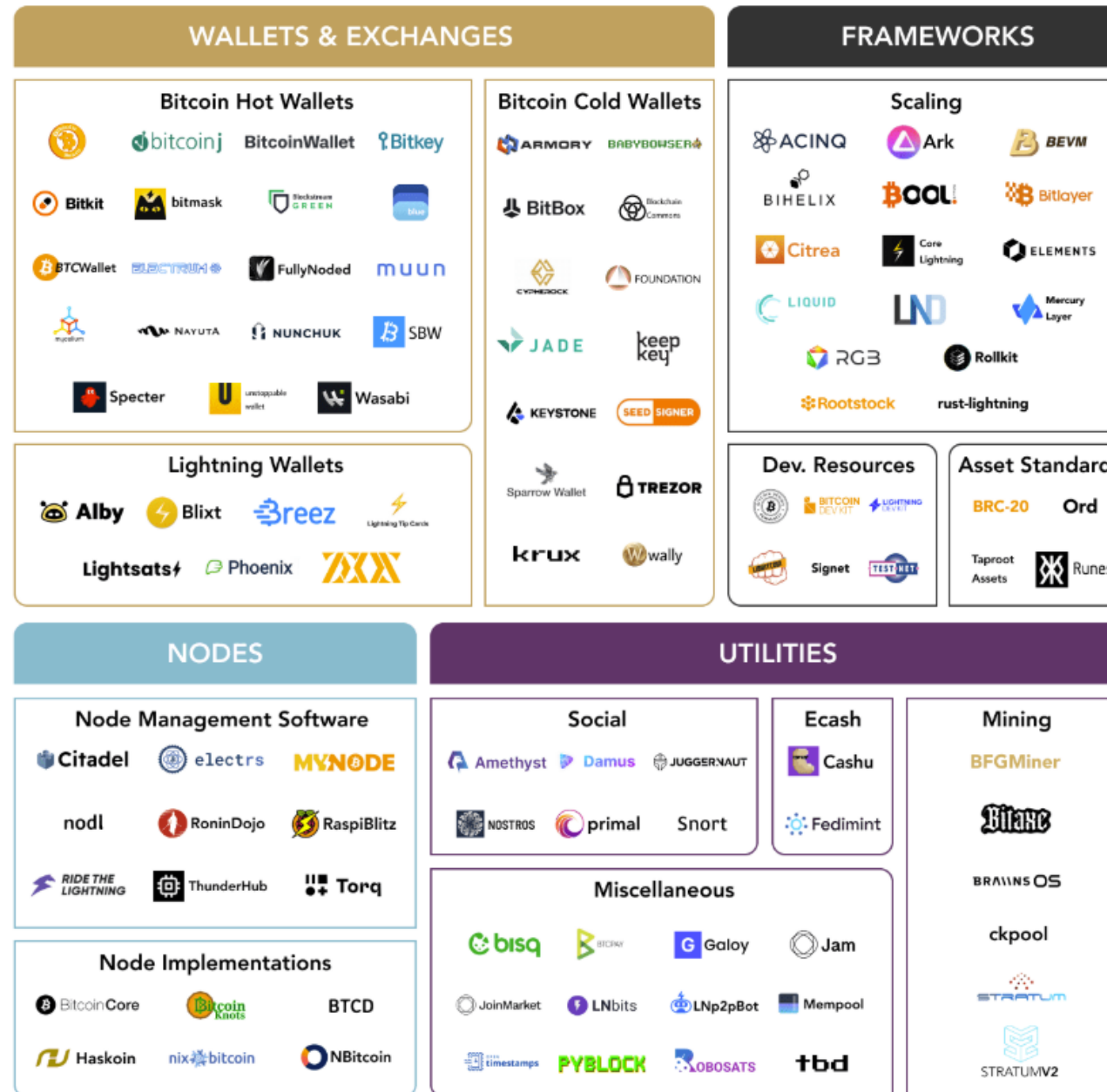
Bitcoin Dominance

BTC.D chart ›

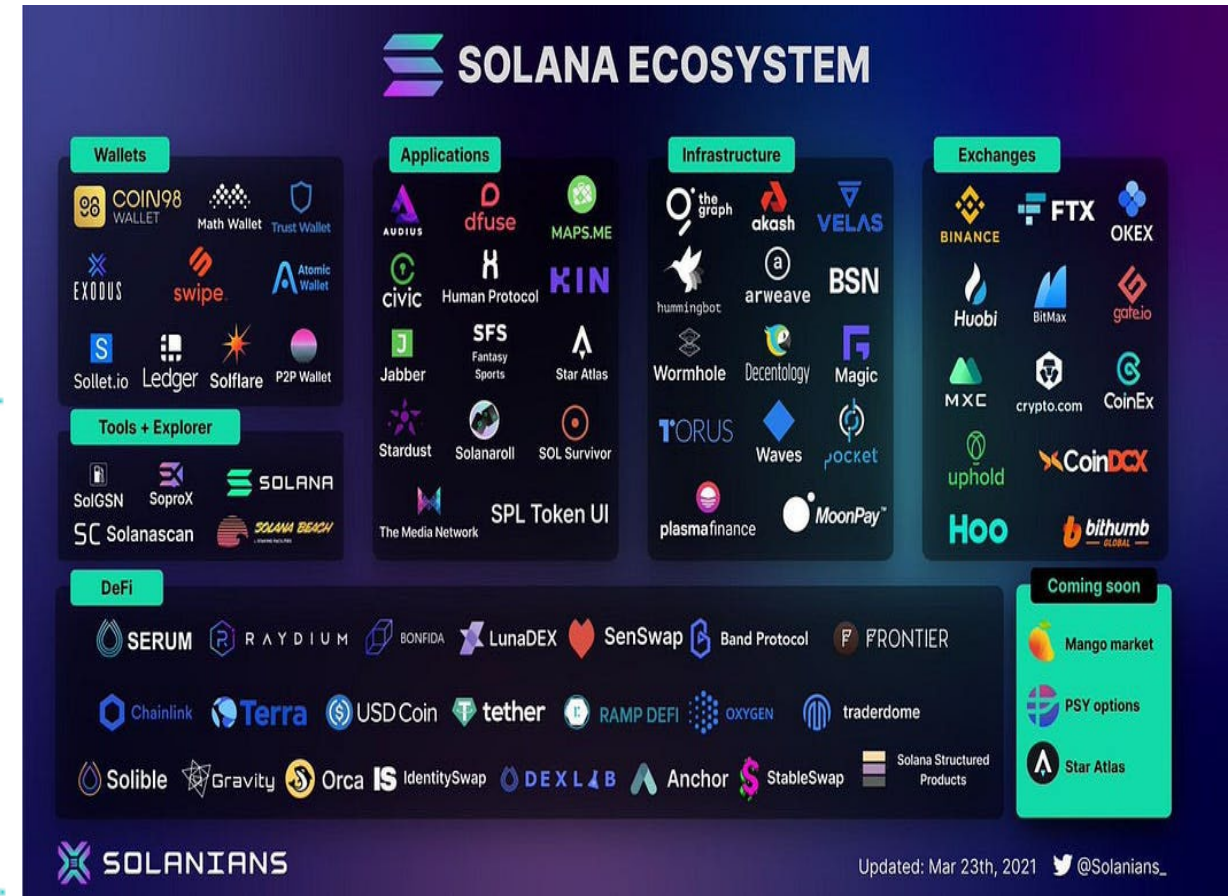
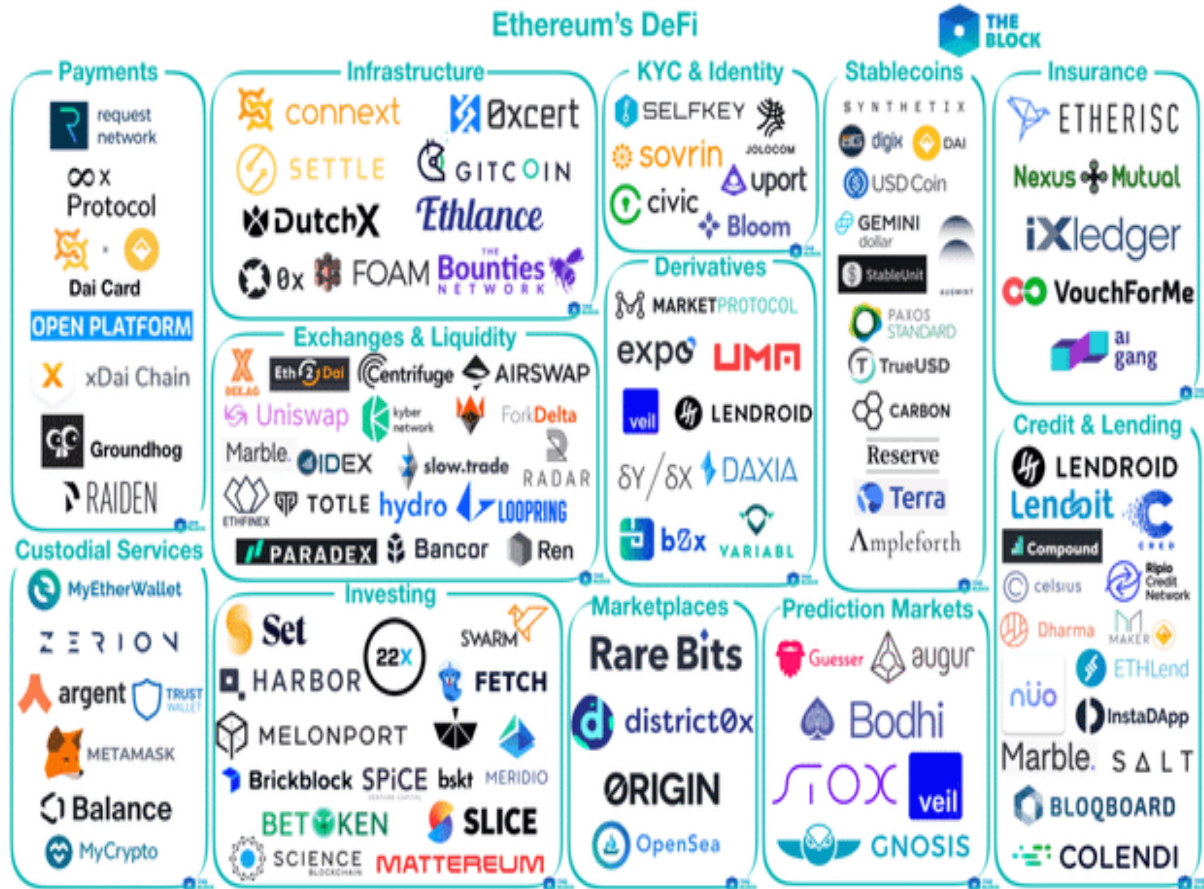
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BTC



Ethereum & Solana



NFT Resurgence

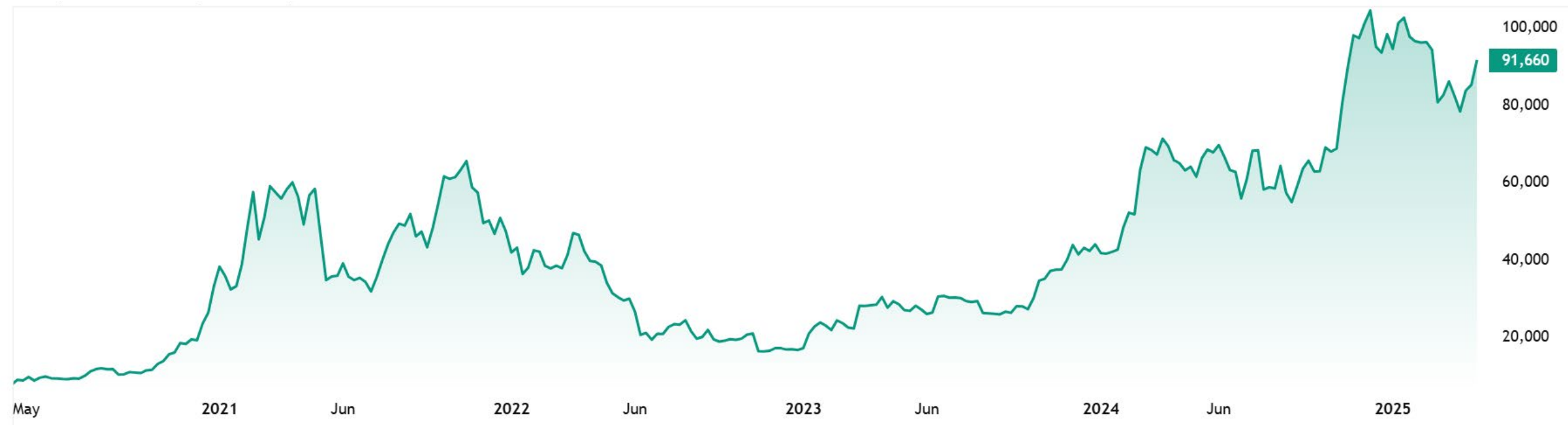
- Initially used as a tool in crypto
- Became digital art (and a speculative bubble)
- Will be used for identity via ZKP (Zero knowledge proofs)
- Can be used for memberships, proof of ownership and as part of tokenization of assets.



DISCLAIMERS

- Past Performance is Not Indicative of Future Results
- Stock volatility, market swings, economic or political events, and regulatory, or interest rate changes affect an investor's tolerance for risk.
- Age, investment goals, and income contribute to an investor's risk tolerance.
- The following information is to present data and should not be construed as investment advice.

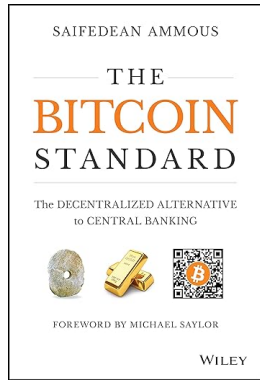
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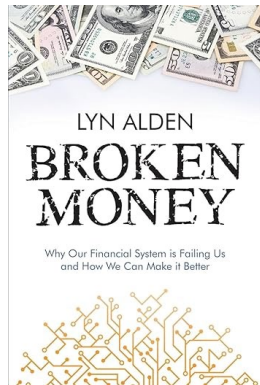


RESOURCES

RECOMMENDED READING

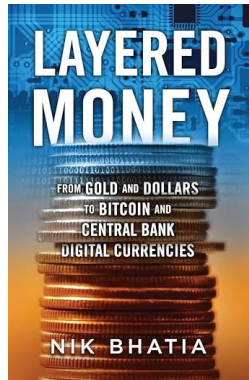


304 Pages: A comprehensive and authoritative exploration of Bitcoin and its place in monetary history. While Bitcoin is an invention of the digital age, the problem it purports to solve is as old as human society itself: transferring value across time and space. Author Saifedean Ammous takes the reader on an engaging journey through the history of technologies performing the functions of money, from primitive systems of trading limestones and seashells, to metals, coins, the gold standard, and modern government debt.



538 Pages: A Comprehensive Overview of the Past, Present, and Future of Money. Broken Money explores the history of money through the lens of technology. Politics can affect things temporarily and locally, but technology is what drives things forward globally and permanently. The book's goal is for the reader to walk away with a deep understanding of money and monetary history, both in terms of theoretical foundations and in terms of practical implications.

RECOMMENDED READING



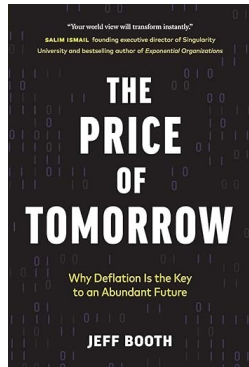
180 Pages: In this fascinating deep dive into the evolution of monetary systems around the globe, Nik Bhatia takes us into the origins of how money has evolved to function in a "layered" manner. Using gold as an example of this term, he traces the layers of this ancient currency from raw mined material, to gold coins, and finally to bank-issued gold certificates. In a groundbreaking manner, Bhatia offers a similar paradigm for the evolution of digital currencies.

The Bullish Case for Bitcoin

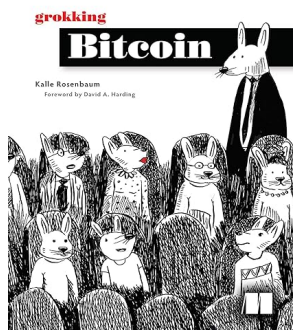


136 Pages: In a clear and concise manner, Boyapati presents the theory of money, the anatomy of Bitcoin, the reasons it is superior to the gold and fiat standards that came before it, and the promise that it offers to human civilization. He describes path dependence and the trajectory of a newly monetizing asset in terms the layman can understand, and he addresses the concerns that most commonly arise as newcomers struggle to comprehend the essence and significance of this first digital monetary network.

RECOMMENDED READING



232 Pages: Jeff Booth, a leading mind and CEO in e-commerce and technology for 20 years, details the technological and economic realities shaping our present and our future, and the choices we face as we go forward—a potentially alarming, but deeply hopeful situation.



406 Pages: Grokking Bitcoin explains why Bitcoin's supporters trust it so deeply, and why you can too. This textbook will introduce you to Bitcoin's groundbreaking technology, which is the key to this world-changing system. This illustrated, easy-to-read guide prepares you for a new way of thinking with easy-to-follow diagrams and exercises. You'll discover how Bitcoin mining works, how to accept Bitcoin, how to participate in the Bitcoin network, and how to set up a digital wallet.



THANK YOU!

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