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Attorney General James Urges Congress to Strengthen Oversight of Cryptocurrency Companies to Stop Scams

AG James Submits Testimony to Senate Calling for Stronger Regulations on Cryptocurrency Platforms to Protect Consumers and Investors

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NEW YORK – New York Attorney General Letitia James today called on Congress to implement stronger regulations on the cryptocurrency market to protect consumers and investors from scams. In written testimony delivered to the Senate Committee on Homeland Security and Governmental Affairs' Permanent Subcommittee on Investigations, Attorney General James details the flood of cryptocurrency scams costing Americans billions of dollars every year. Attorney General James also describes how the Digital Asset Market Clarity Act (Clarity Act) would restrict state and local law enforcement, making it harder for the Office of the Attorney General (OAG) to continue its nation-leading efforts to crack down on cryptocurrency scams and hold platforms that violate the law accountable.

“My office has been leading the fight against cryptocurrency fraud,” testified **Attorney General James**. “Our rules-based market system gives people confidence that they can do business here. Without adequate laws and regulations, financial crises ensue. We urge Congress to safeguard our financial markets and protect America’s investors, their future, our economy, and national security.”

Attorney General James’ testimony comes as Congress is considering the Clarity Act, which would give oversight of digital assets to the Commodity Futures Trading Commission and override state regulation of digital markets. Attorney General James testifies that this would severely undermine the ability of states to protect their residents from scams. In New York alone, complaints to OAG about cryptocurrency scams have tripled over the last three years. In the past five years, cryptocurrency scam losses reported to the OAG totaled nearly half a billion dollars, while investors lost billions more due to the bankruptcies of various cryptocurrency companies.

The OAG has led the nation in holding cryptocurrency companies accountable for failing to protect investors from scams. In 2021, OAG brought the first and only enforcement action against the largest stablecoin issuer, Tether, for recklessly and unlawfully covering up massive financial losses from investors. The OAG has secured tens of millions of dollars in refunds and fines from major cryptocurrency brokers that violated New York law or failed to protect investors from scams, including Coin Café, Gemini and Genesis, and KuCoin.

In the written testimony submitted today, Attorney General James calls on Congress to increase transparency in cryptocurrency markets to

protect Americans from scams and prevent the funding of criminals, cartels, and foreign enemies. Attorney General James asserts that this increased transparency is also critical to the integrity of America's democracy. The fact that cryptocurrency transactions cannot be traced to an individual makes it impossible to know whether elected officials' financial disclosures are accurate, whether bribes are being paid or received, or whether elected officials are acting in the best interests of the American public.

This anonymity also obscures violations of the Constitution's emoluments clause, which prohibits financial gifts from foreign actors, and further undermines enforcement of existing federal conflicts-of-interest and campaign finance laws. Attorney General James urges Congress to ban elected officials and those who recently served in government from any involvement in regulating cryptocurrency to ensure they are overseeing an industry from which they may be profiting. Attorney General James urges Congress to instead pass a cryptocurrency bill that would:

- Require cryptocurrency platforms to comply with anti-money laundering laws, know-your-customer regulations, and cybersecurity protocols to prevent the use of cryptocurrency to finance terrorism, adversarial regimes, and crime.
- Require a closed-loop market so noncompliant institutions, companies, and countries cannot participate.
- Prohibit cryptocurrency that cannot be fully traced, such as those going through money laundering mixers, from being converted to U.S. dollars.

- Not exempt cryptocurrency from existing money transmission, commodities, and securities laws.
- Require cryptocurrency platforms to engage in surveillance to identify anomalous patterns, ward off manipulation, and locate bad actors.
- Require platforms and intermediaries to protect Americans from fraud and scams and hold cryptocurrency companies financially liable for failing to do so, similar to the Electronic Funds Transfer Act.

Attorney General James is a national leader in protecting investors and holding cryptocurrency companies accountable. In April 2026, Attorney General James secured over $5 million from cryptocurrency platform Uphold for promoting a fraudulent investment scheme. In July 2025, Attorney General James took action to stop a crypto scam targeting Russian-speaking New Yorkers. In January 2025, Attorney General James became the first regulator to provide notice of litigation by depositing a nonfungible token (NFT) into the wallets scammers used to steal the victims' cryptocurrency. In June 2024, Attorney General James sued cryptocurrency trading company NovaTechFx for engaging in an illegal pyramid scheme that defrauded hundreds of thousands of investors worldwide, including over 11,000 New Yorkers, of over a billion dollars' worth of cryptocurrency.