

## **Blockchain News, BLOCKCHAIN—D.D.C.: Court finds no SEC ethical lapse in Binance enforcement action, (Jun 28, 2023)**

By [Lene Powell, J.D.](#)

The court did not find it necessary or appropriate to intervene over a disputed statement in an SEC press release.

A federal district court declined to remind the SEC of ethical obligations in connection with statements in an SEC press release. While crypto giant Binance strenuously objected to the SEC's wording that Binance entities had "control" over or "commingled" customer assets, the court did not find it necessary or appropriate to "get involved in wordsmithing" the parties' press releases ( [SEC v. Binance Holdings Limited](#), June 26, 2023, Berman, A.).

The ruling keeps the ball rolling in the SEC enforcement action, which [charges](#) Binance and CEO Changpeng Zhao with critical securities law violations.

**Disputed wording.** Binance objected to an SEC press release that said asset protections in an [agreed consent order](#) were needed because "Zhao and Binance have control of the platforms' customers' assets and have been able to commingle customer assets or divert customer assets as they please."

In a [motion](#), Binance asked the court to order the SEC to comply with rules of conduct concerning extrajudicial statements. Binance said the SEC had previously acknowledged it had no evidence that Binance customer assets have been dissipated, commingled, or misused in any way.

Binance argued the SEC's statement could harm customers and risked tainting the jury pool with misleading descriptions of the evidence.

**No intervention.** In a brief order denying the motion, Judge Amy Berman declined to second-guess the SEC's wording.

"While all of the lawyers in this case should adhere to their ethical obligations at all times, it is not apparent that Court intervention to reiterate that point is needed at this time, or that it is necessary or appropriate for the Court to get involved in wordsmithing the parties' press releases. Nor is it clear that the agency's public relations efforts to date will materially affect proceedings in this case," the court wrote.

Along the same lines as the court's previous order on the customer protection issue, the court appears inclined to overlook some sharp elbows and to push the parties to negotiate without seeking court intervention in every dispute.

This is case [No. 1:23-cv-01599-ABJ](#).

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Companies: Binance Holdings Ltd.; BAM Trading Services Inc.

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