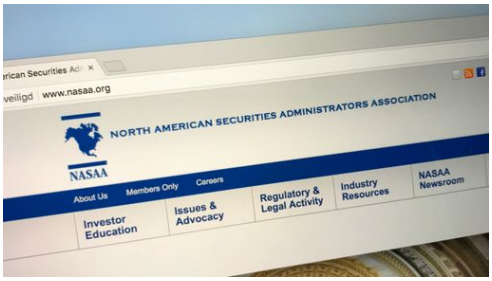
Securities Regulation Daily Wrap Up, FEDERAL PREEMPTION—NASAA urges Congress to preserve state enforcement authority, (Sep 30, 2025)

By Anne Sherry, J.D.



NASAA said its members have taken hundreds of enforcement actions for crypto fraud.

In a letter to House Financial Services Committee leaders, NASAA urged federal lawmakers to preserve states' ability to police securities fraud, including in emerging technologies like DLTs and AI. In exercising their authority under state securities laws, "state regulators are the first, and often the last, line of defense against white-collar crime and financial misconduct targeting the investing public," NASAA submits.

The letter describes how state securities regulators, often acting on customer complaints or agency referrals, investigate and prosecute securities law violations. It attached to its letter a July 2025 report outlining state regulators' efforts to combat fraud connected to distributed ledger technologies (DLTs), including cryptocurrencies.

NASAA said that it has been vigilant against emerging technologies that have increased the reach and sophistication of securities fraud. Since 2017, its U.S. members have taken over 330 enforcement actions that involve crypto assets and fraud. The group sees a rising threat from AI in facilitating scams, and it also cited DLT-facilitated fraud as a leading risk.

The group also emphasizes its members' work with other local, state, and federal agencies by investigating, referring cases for criminal prosecution, and testifying in criminal proceedings. In 2024, NASAA, the SEC, and FINRA jointly issued an alert warning investors of the proliferation of AI-driven scams.

In conclusion, NASAA states that failing to preserve state authority to fight fraud would have significant negative consequences for U.S. investors and innovators.

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