

# Profitable INVESTING Tips

## Stock Market Investing Tips, Techniques, and Resources



## Crypto Flees the USA

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Crypto investors, exchanges, and other crypto businesses typically had a bad year in 2022. There was a prolonged [crypto winter](#) that drove many out of the crypto businesses and required the survivors to rethink their business plans. Increased regulatory activity in the USA has added to the travails of many crypto businesses who are setting up shop elsewhere as crypto flees the USA for locations with less regulatory scrutiny and legal risks.

## Crypto International Expansion

One of the crypto businesses that has had troubles recently is Gemini which, along with [Genesis](#), was charged by the Securities and Exchange Commission (SEC) for the unregistered offer and sale of crypto asset securities through the Gemini Earn Lending Program. In addition, both are in trouble over taking on customers who were hiding their identities. Gemini has gone into bankruptcy and Gemini is starting a non-US crypto derivative platform to target business in Asia.

Meanwhile the largest US crypto exchange, [Coinbase](#), just got a Bermuda virtual-asset license which could be used to set up a derivatives platform offshore. Coinbase is not happy with the attention it is getting from regulators and is considering moving its headquarters out of the USA.

## Where Will US Crypto Businesses Go?

While the US is increasing its regulatory activity in the crypto realm, [new EU crypto rules](#) have been legislated and will be coming on line over the next two years. While this gives us three major economies (EU, USA, China) where crypto is regulated or banned, there are other [crypto hubs](#) across the globe that have not caught up with regulations and, perhaps, never will. Locations for crypto businesses go that are not in the US, EU, or China and are developing crypto hubs include London, Dubai, Singapore, Switzerland, Hong Kong, Vancouver, Bangkok, Sapporo, Lagos, India, Kuwait City, Sydney, and Tehran. While crypto businesses looking for greener pastures talk about more regulatory clarity and guidance, we think they are actually for a lighter hand by regulators.

## Crypto Businesses and the SEC

As we noted the Securities and Exchange Commission went after Gemini and Genesis but have also targeted Bittrex which is ceasing US operations entirely and Coinbase which is in talks in the United Arab Emirates and Abu Dhabi about licensing. Kraken is also looking offshore due to unease with the SEC. Meanwhile, Binance is being sued by the Commodity Futures Trading Commission for breaking US derivatives rules. The comment by Gary Gensler, the SEC chair, that the entire crypto sector is built up around non-compliance and that digital tokens are simply unregistered securities has had a sobering effect across all US crypto businesses. While Coinbase has not announced any plans to relocate offshore they also refuse to rule out that option.

## Are Regulations or Unclear Regulations the Issue for Crypto?

An article in Coinbase contends that [regulatory uncertainty](#) is more of a problem than the toughness of any regulations. While that may well be the case for many crypto businesses, those that have prospered by accepting deposits from folks with false identities or who intentionally help with [Bitcoin transaction mixing](#) to hide illegally gotten funds are not looking for regulatory clarity but rather lax or non-existent regulations. While better regulatory clarity might have warned off some of the folks who played fast and loose with customer assets in the last year or more, it would not have made outright [fraud](#) any less illegal and perhaps not any less frequent.

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