

Profitable INVESTING Tips

Stock Market Investing Tips, Techniques, and Resources



State Regulators Settle with Coinbase Crypto Exchange

By: www.ProfitableInvestingTips.com

Regulation of crypto businesses has been picking up steam ever since President Biden signed an executive order to federal agencies in regard to sorting out [who will regulate what](#) in the crypto realm. Thus, concerns about crypto regulation have focused on what [congress and federal agencies](#) decide to do. Now we see that Coinbase has settled with New York State authorities over concerns that they did not conduct background checks on their customers in compliance with [anti-money laundering laws](#).

Coinbase Settlement with New York State Department of Financial Services

The settlement consists of a \$50 million fine and an agreement to spend \$50 million upgrading their compliance program which, according to The New York Times, will “bolster its compliance program, which is supposed to prevent drug traffickers, sellers of child pornography and other potential lawbreakers from opening accounts with the exchange.” We wrote about a similar case with [Bittrex](#) but this time around it affects the second largest crypto exchange into which spot Coinbase moved after the collapse and filing for [bankruptcy of FTX](#).

The Shape of Coming Crypto Regulation

Recent news about mismanagement and [fraud at FTX](#) have put the focus on [consumer protection](#) in regard to crypto regulation. This was noted in an article in *The Elliptic* a year ago. They noted that the Department of the Treasury dealt extensively with issues raised by the steadily increasing holding of crypto assets by consumers and investors in a [2021 report](#). Those folks wrote about financial stability risks a full year before FTX and others tanked, taking people’s wealth with them. What has been largely overlooked in the meantime is the basket of concerns focusing on terrorism, money laundering, and using crypto services like [Bitcoin transaction mixing](#) to hide the sources of crypto assets.

Intent to Cause Harm versus Neglect and Crypto Regulation

Crypto businesses are new entities to the world but they are businesses, nevertheless. Businesses need to keep an eye on their expenses while striving to make money. Sometimes when trying to keep expenses down a business like Coinbase or Bittrex before they short staffs a department that provides a necessary function but one that not only does not generate income but may serve to drive business away. That is where New York State regulators stepped in with Coinbase. In the opinion of regulators Coinbase was letting folks use their services who had not been properly vetted and, thus, posed a risk of laundering money, engaging in child porn and laundering profits, or supporting terrorism. Nobody suggested that Coinbase or Bittrex was trying to cause harm but rather that their lack of actions was neglectful and, thus, out of compliance with the law. This is different from businesses like Tornado Cash which knowingly helped North Korean hackers try to hide stolen crypto assets.

Crypto Regulation and Crypto Prices

There seems to be no doubt that proper regulation in the crypto world will help protect consumers and help prevent illegal uses of the system. But will it affect crypto prices and how much will it cost crypto businesses? It is common for the business community to complain about “excessive regulation” after the business community’s own excesses brought on those regulations. Coinbase and anyone else is going to have to suck it up and do business as required. Will any of this drive crypto values up or down? An opinion rendered in a *US News* article is that effective regulation will help [stabilize crypto prices](#) and necessarily drive them either up or down. To the extent that regulation prevents the next FTX mess, it will keep the crypto market from taking another step downward.

For more insights and useful information about investments and investing, visit www.ProfitableInvestingTips.com.

**Click the links below to get your
FREE training materials.**

Free Weekly Investing Webinars

Don't miss these free training events!

<http://www.profitableinvestingtips.com/free-webinar>

Forex Conspiracy Report

Read every word of this report!

<http://www.forexconspiracyreport.com>

Get 12 Free Japanese Candlestick Videos

Includes training for all 12 major candlestick signals.

<http://www.candlestickforums.com>

Disclaimer: Trading and investing involves significant financial risk and is not suitable for everyone. No content on this document should be considered as financial, trading, or investing advice. All information is intended for educational purposes only.

