

Insights



Benjamin Sauter Speaks with Cointelegraph on U.S. State vs Federal Digital Currency Regulation

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Days before New York reached a settlement with digital currency trading platform Bitfinex after a long investigation, Ripple Labs registered as a business in Wyoming, underscoring the Swiss-cheese state of U.S. digital currency regulation and Wyoming's effort to become the country's digital currency center. Kobre & Kim's Benjamin Sauter analyzed the current regulatory framework when he sat down with *Cointelegraph*.

The smorgasbord of crypto regulation across the United States is a reflection of the void left by the federal government. As Mr. Sauter points out, "Wyoming is showing that individual states can play a meaningful role in crafting a coherent framework for the crypto/blockchain industry – particularly when it comes to state taxation as well as commercial and some banking issues." By contrast, the federal government "hasn't really made an effort to create such a framework, and this has led to a lot of regulatory inefficiencies and general confusion."

As Wyoming pushes forward, Mr. Sauter sees upsides and downsides. "It's possible that Wyoming's efforts will have some trickle-up effects, should the federal government ever get its act together," he said, but there is a risk businesses may be "lulled into a false sense of security and potentially conflating Wyoming's regime for compliance at the federal level." In the end, the federal government needs to step up, Mr. Sauter concludes: "As great and encouraging Wyoming's recent actions are, there is only so much one state can do."

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