

# President Trump's Crypto Czar Outlines Federal Government's New Approach to Digital Assets

February 5, 2025

On **February 4**, President Trump's Crypto Czar, David Sacks, held a press conference on Capitol Hill to discuss the new Administration's plans for cryptocurrency regulation. Sacks was joined by Senate Banking Committee Chairman Tim Scott (R-SC), Senate Agriculture Committee Chairman John Boozman (R-AR), House Agriculture Committee Chairman Glenn "GT" Thompson (R-PA), and House Financial Services Committee Chairman French Hill (R-AR).

## Key Takeaways:

- The Senate Banking Committee, Senate Agriculture Committee, House Agriculture Committee, and House Financial Services Committee will be coming together to form a bicameral crypto committee. The main priorities of the committee are to create a stablecoin bill and federal regulatory framework for digital assets.
- Senator Bill Hagerty (R-TN) has introduced legislation to create a framework for stablecoins. Future work in crypto regulation will build off Sen. Hagerty's bill and the Financial Innovation and Technology for the 21st Century Act (FIT21).
- Senator Tim Scott said his goal was to have bills through the Senate within the first 100 days of the new Administration.
- The Presidential Working Group on Digital Assets Markets will evaluate the concept of a bitcoin reserve.
- The goal of all these initiatives is a clear and comprehensive regulatory framework to encourage U.S. innovation and market integrity.

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## Practice Areas

Digital Assets, Cryptocurrencies, and Blockchain

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Read on for more detail about the event and what it means for coming regulation in this space.

**David Sacks** opened the conference with a summary of President Trump's recent Executive Order regarding cryptocurrency and digital assets, which we covered here. In doing so, Sacks highlighted language from that Executive Order that the policy of this Administration is "to support the responsible growth and use of digital assets, blockchain technology, and related technologies across all sectors of the economy."

Sacks then turned to new announcements, including that the objective of the newly formed bicameral committee is to propose a federal regulatory framework to govern digital assets, including stablecoins. Sacks stated that the number-one issue fintech companies face is regulatory clarity, and that the nation was coming out of "four years of arbitrary prosecution and persecution of crypto companies" where the U.S. Securities and Exchange Commission (SEC) did not fully communicate the rules for new types of digital currencies.

Sacks also explained that the current regulatory approach has pushed innovation offshore and said his priority is to "keep [innovation] onshore." Sacks stated that moving innovation back to American shores would be better for consumer protection because it is easier for regulators to supervise digital asset activity when it happens within the country. Sacks stated that moving innovation back onshore would encourage good actors while protecting the market from bad actors.

Sacks then mentioned Senator Bill Hagerty's new bill on stablecoins. Sacks said stablecoins have the potential to "ensure American dollar dominance internationally, to increase the usage of the U.S. dollars digitally as a world reserve currency, and in the process create potentially trillions of dollars of demand for U.S. treasuries that could lower long-term interest rates."

**Senator Tim Scott** said he was looking forward to democratization and making it easier and less expensive to do business in the United States. Sen. Scott stated he was excited for a synergistic approach in the House and Senate with the White House leading the way.

**Representative French Hill** reemphasized the need for company founders to have clarity and said the U.S. should not fall behind in financial technology and assets. Rep. Hill commended the bicameral support this year, and the strong bipartisan support last year, for FIT21. (We explored FIT21 on our most recent CryptoCounsel Podcast episode, with guest James Murphy.)

**Senator John Boozman** said this situation was unique in terms of jurisdiction. The House and Senate Committees on Agriculture have oversight authority over the Commodity Futures Trading Commission (CFTC), and since some digital assets may be commodities and some may be securities, Sen. Boozman said collaboration with the White House and new Crypto Czar will aid in creating a final structure. He also emphasized the importance of a clear structure to protect consumers and allow industry to grow.

**Representative GT Thompson** stated that just as America was a leader in Internet 1.0 and 2.0, America must be leader in Internet 3.0, "the internet of value." Rep. Thompson reiterated that the priorities of the subcommittee were to 1) do no harm and protect consumers, 2) provide regulatory structure and clarity, and 3) foster innovation.

During a Q&A with reporters, the most notable responses included:

- **Anticipated legislation:** Rep. Hill said FIT21 and Sen. Hagerty's proposed legislation would provide the basics for any future bill, with the committee making modest changes. Rep. Thompson highlighted that FIT21 was achieved in a "tripartisan way" that brings industry and key stakeholders to the table.
- **Regulatory approach:** Rep. Hill stated that lawmakers are looking at the security aspects of market regulation and stablecoins, and this consideration is no different than when lawmakers consider any other financial transfer or payment method. Additionally, in the FIT21 drafts that were shared last year, there were AML standards for digital assets not unlike the requirements in analogous financial services.
- **Member outreach:** Rep. Thompson said that with new members coming into Congress, member education is the first goal. Rep. Hill emphasized that a key element is education and technical assistance from the Executive branch to members in the House and Senate. Sacks said a priority is helping members get up to speed, demystifying crypto, and emphasizing what can be built on blockchains.
- **Bitcoin reserve:** Sacks said the Crypto Working Group is tasked with evaluating the idea of a bitcoin reserve, and that process has yet to begin as they are waiting for some Cabinet members to be confirmed.

The press conference provided a clearer picture of which policymakers are driving digital asset regulation, their priorities, and anticipated next steps. We will continue to monitor the progress of both Executive branch and congressional initiatives on crypto regulation.

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