

COMPOUNDING RISK



THE UNEXPECTED
CONSEQUENCES OF
CRYPTO'S POLITICAL
DOMINANCE

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Introduction

The cryptocurrency industry has become one of the most aggressive political spenders in American elections, deploying hundreds of millions of dollars to shape policy, limit oversight, and secure regulatory advantage. Recent primaries in US House and Senate races in Illinois illustrate the scale, and the risks, of this engagement by the crypto industry. Crypto-aligned PACs spent roughly \$14.3 million on races in the March 17 primaries, including more than \$12 million on races in which their preferred candidates lost their races. Such spending amplifies scrutiny and backlash without delivering policy or electoral gains. In doing so, the industry has increased rather than reduced its long-term risk. At the same time, crypto is moving beyond a niche speculative market and becoming increasingly integrated into the traditional financial system.

This convergence is creating a new category of systemic risk. What once existed largely on the margins of the financial system is increasingly connected to mainstream financial markets, corporate balance sheets, and institutional investors. If the sector remains weakly regulated while becoming more deeply embedded in financial infrastructure, instability in crypto markets could spread beyond digital asset holders to affect the broader economy.

History offers clear warnings about how such dynamics can unfold. The Savings and Loan crisis of the 1980s and the subprime mortgage crisis that culminated in the 2008 financial crash both began with financial innovations that outpaced oversight. In each case, risk accumulated quietly within lightly regulated corners of the financial system before spreading into the broader economy once those products became widely integrated into mainstream financial markets. Today's rapid expansion of crypto into traditional finance raises similar concerns.

With more than \$221 million in political funds already available heading into the 2026 midterm cycle, the sector's political spending continues to grow. Rather than addressing the governance and market-stability issues that accompany its expanding role in financial markets, the industry has invested heavily in shaping the policy environment—including regulation and oversight—in which it operates. This dynamic underscores why a follow-up to CPA's March 2025 Risky Return report is urgently needed.

That earlier report documented how, by 2024, the crypto industry's political expenditures had begun reshaping federal campaigns and influencing the contours of digital asset policy.

Since then, political spending has not only persisted but expanded, outcomes in Congress and the executive branch have shifted, enforcement actions have been dropped, and the sector has secured new forms of access and legitimacy in Washington.

These developments demand a new and deeper look at where political influence has taken the industry, and where unresolved risks not only remain but have intensified. This intensification demands action from crypto industry stakeholders to avoid turning political spending into a source of sustained regulatory uncertainty, reputational harm, and future backlash.

During the 2024 election cycle, the crypto industry and affiliated PACs spent more than \$134 million on federal races, an unprecedented sum for a relatively young and volatile sector. The spending helped elect a broadly pro-crypto governing majority across party lines and ushered in a period of rapid policy change, weaker enforcement, and expanded access to senior policymakers.

Those investments have produced tangible results. Enforcement actions have been paused or dropped. Industry-backed legislation has advanced through Congress. Senior officials and key members of the U.S. House and Senate have publicly embraced the sector, and the regulatory environment has shifted quickly in crypto's favor.

But political success has not resolved the industry's underlying vulnerabilities. In critical respects, it has intensified them.

Legislation enacted in the wake of record political spending leaves major questions unanswered about consumer protection, anti-money laundering safeguards, executive branch conflicts, and systemic market risk. It also raises concerns about potential threats to the safety and soundness of the broader financial system as crypto becomes more deeply integrated with traditional financial institutions and markets. At the same time, the growing alignment between leading crypto firms and the White House—combined with high-profile presidential crypto ventures, enforcement rollbacks, and controversial pardons of industry figures—has introduced new reputational, governance, and political risks. Public trust in crypto remains fragile and partisan polarization around the industry is deepening.

The result is a structural paradox at the center of the crypto industry's political strategy: unprecedented political influence has accelerated policy wins while increasing exposure to regulatory fragmentation, reputational harm, and future backlash—risks that ultimately fall on companies and investors, and markets extend to the entire financial system.

Crypto PACS Spend Millions

As the 2026 midterm elections get underway, major crypto companies and crypto industry-aligned political action committees are spending unprecedented political spending war chest. Together, these PACs have accumulated more than \$221 million in available funds, signaling that the industry's political engagement is not receding after recent policy gains but intensifying. Fairshake holds the largest share of these funds—with nearly \$200 million cash on hand—and has reaffirmed its intent to remain active throughout the 2026 cycle.

The scale of this buildup reflects a marked escalation from the industry's already record-breaking engagement in the previous cycle. During the 2024 election season, crypto-affiliated PACs spent more than \$134 million on federal races, reshaping the political landscape for digital asset policy. Fairshake alone spent nearly \$40 million on independent expenditures across 2024 primary and general elections, supporting candidates in both parties and helping to assemble a broadly pro-crypto coalition in Congress.

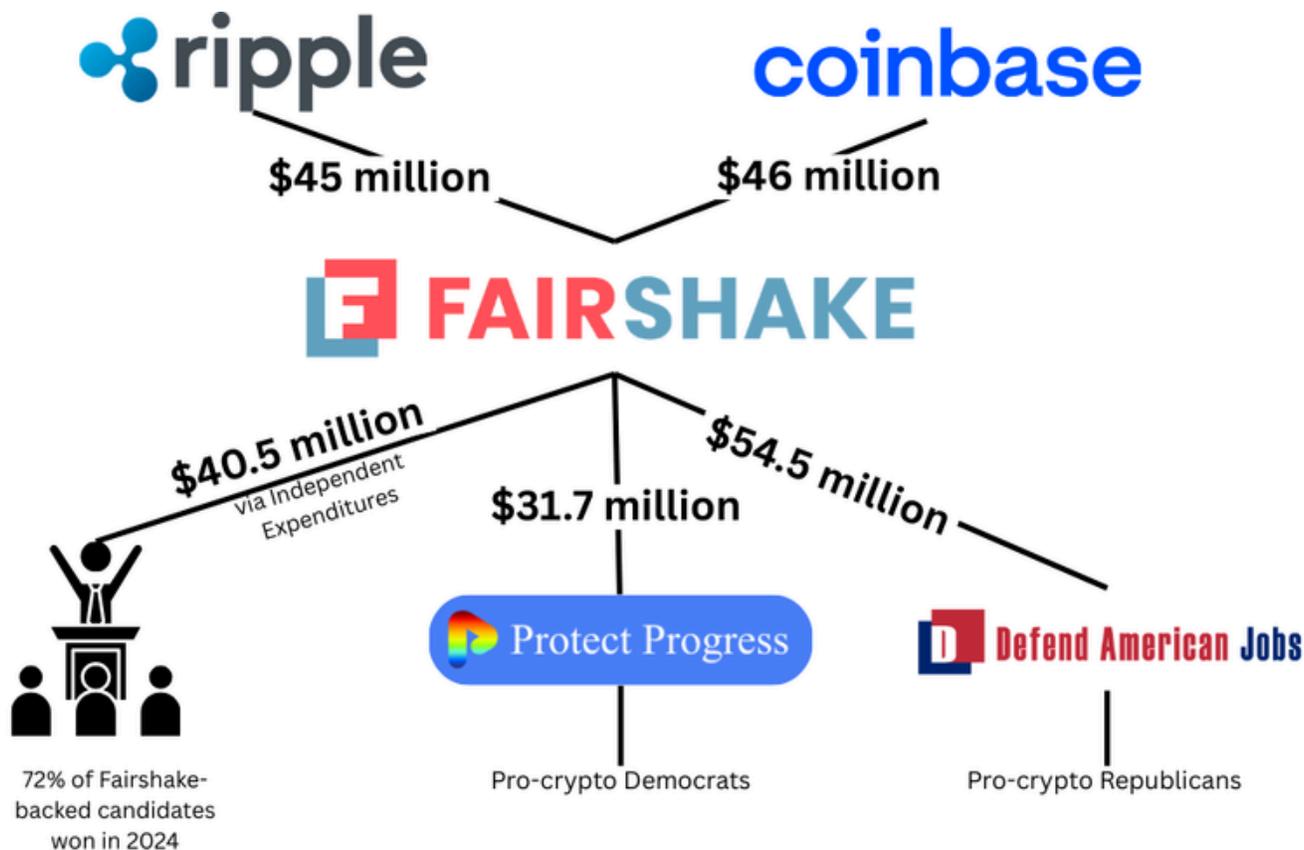
Although Fairshake did not engage in independent expenditures during 2025, its fundraising activity throughout that year signaled continued electoral ambitions. As of early 2026, the committee reported \$191 million in cash on hand, positioning it to exert substantial influence in upcoming federal and state contests.

Fairshake receives the majority of its funding from corporate contributors. Its largest donors are Ripple Labs and Coinbase, two central players in the crypto industry. Since 2024, Ripple has contributed \$23 million to Fairshake while Coinbase has donated \$71 million. Both companies have additionally become involved in quasi-political fundraising as major contributors to the Trump Inaugural Fund. Ripple donated nearly \$4.9 million and Coinbase contributed \$1 million. Each company also supported the White House ballroom construction projects for which contribution amounts were not publicly disclosed, underscoring the breadth of their political engagement.

Other major industry-aligned PACs active in 2024 include Protect Progress and Defend American Jobs. According to FEC filings, Protect Progress spent just over \$34 million supporting Democratic candidates in the 2024 cycle and a further \$1 million to support James Walkinshaw in a September 2025 special election for Virginia's 11th Congressional District.

Defend American Jobs, which, by contrast, focuses on electing crypto-friendly Republicans, spent \$1.2 million backing Randy Fine and \$345,000 supporting Jimmy Patronis in their respective 2025 special elections for U.S. House seats in Florida.

Despite their apparent ideological differences, campaign finance records show that both Protect Progress and Defend American Jobs both rely heavily on contributions from Fairshake. Between 2023 and the present, Fairshake has provided \$63.4 million to Protect Progress and \$55.5 million to Defend American Jobs in direct committee contributions. This structure allows the industry to channel funds through PACs with explicitly partisan branding while sustaining a broader narrative of bipartisan engagement.



The crypto industry spent millions during the 2024 elections

Early indicators suggest that this strategy is already shaping the 2026 midterms. The March 17 Democratic primaries in Illinois were the first stage for crypto super PACs looking to flex their fundraising numbers to elect their preferred candidates. The results were a major deviation from the broad success of 2024, with crypto-aligned candidates suffering high-profile losses in both the Senate primary and in contentious US House races. The only success of the night for crypto-aligned PACs were for uncompetitive primaries in IL-08 and IL-02.

Crypto Super PAC Fairshake spent nearly \$10 million in the Senate primary against Lt. Gov Juliana Stratton. But that level of spending ultimately proved to be a liability with Democratic primary voters, rather than an asset to Stratton's opponents. The crypto industry's backing enabled Stratton to portray Rep. Raja Krishnamoorthi's campaign, for example, as "MAGA Super PACs." This strategy clearly paid off, as Stratton beat Krishnamoorthi by almost 7 points. A similar dynamic played out in the primary race for the 7th US Congressional District where La Shawn Ford defeated Chicago City Treasurer Melissa Conyears-Ervin after vocally denouncing Fairshake-funded attack ads and defending his record in regulating the digital asset space, underscoring how association with crypto-funded spending undercut the candidates it was intended to help.

At the same time, Protect Progress has pledged roughly \$1.5 million to oppose Democratic U.S. Representative Al Green in the Texas Democratic primary runoff in late May, citing his anti-crypto voting record and backing a challenger viewed as more supportive of digital asset legislation.

These interventions follow the targeted lawmakers' support for legislation imposing new rules on digital asset firms. As federal skepticism toward crypto has waned under the current administration, the industry appears increasingly willing to deploy political capital not only to elect allies but also to unseat incumbents perceived as regulatory obstacles—even in state races and party primaries. The result is a shift in the frontlines of political risk rather than its resolution.

The industry's political strategy remains deliberate: distribute spending across parties, avoid overtly crypto-centric messaging in advertising, and frame crypto as a policy issue rather than a partisan one. This approach has helped reduce immediate resistance and facilitated legislative access. For publicly traded contributors, however, these expenditures raise disclosure, board oversight, and fiduciary risk questions, particularly where political alignment intersects with executive branch decision-making.



Fairshake attack ad targeting former Representative Jamaal Bowman (D-NY). As with many crypto industry-backed ads there is no explicit mention of cryptocurrency

However, the strategy carries potential longer-term exposure.

As President Trump has publicly embraced the title of “Crypto President,” the industry risks deeper association with a single political identity. Survey data show significant partisan divides in attitudes toward crypto, with a substantial majority of liberals describing the industry as risky. If crypto becomes perceived as aligned primarily with one administration or one party, bipartisan support could weaken.

That perception risk extends beyond Congress. Consumer adoption remains uneven, and public skepticism toward large corporate political contributions remains high across ideological lines. For companies like Coinbase and Ripple, political spending may secure short-term policy gains, but it also places them closer to partisan dynamics that can shift rapidly. States have already begun exploring efforts to bring crypto-related political activity under closer campaign finance oversight, raising the possibility of a more fragmented regulatory landscape. At the same time, major public crypto companies have not expanded their political spending transparency policies since 2024, leaving them exposed to criticism from shareholders and advocacy groups.

Political spending has delivered measurable influence. Whether it strengthens the industry’s long-term stability, public trust, and regulatory resilience is a more uncertain question.

Political Success, Policy Risk

The record-breaking spending used to elect crypto-friendly lawmakers in 2024 has produced tangible policy outcomes—along with new risks for the industry. After operating within a favorable congressional environment for much of early 2025, the industry’s much-touted “bipartisan consensus” on crypto regulation has begun to fracture, as partisan conflict, executive branch, and personal presidential enrichment complicate the path to further legislative wins.

Political spending has secured significant concessions, but neither passed nor proposed legislation addresses the structural weaknesses that continue to make crypto volatile and unpredictable. With early victories secured, the lack of a coherent vision for curbing illicit activity and protecting consumers or investors threatens reputational and financial harm.

At the same time, the industry is becoming more deeply embedded into the traditional financial system. Crypto investment vehicles, institutional trading platforms, and stablecoin payment systems are increasingly interacting with banks, asset managers, and corporate treasuries. Yet the regulatory framework governing these connections remains incomplete.

As discussed in more detail below, this combination of growing financial integration alongside weak regulatory oversight has historically proven dangerous. When financial innovations expand faster than the rules designed to govern them, the result can be the accumulation of systemic risk that only becomes visible during periods of market stress.

The GENIUS Act

In the summer of 2025, Congress passed and the President signed the industry-backed GENIUS Act, the first major legislative victory following more than \$134 million in crypto-related election spending during the 2024 cycle. The bill was designed to establish a federal framework for stablecoins—cryptocurrencies pegged to more traditional assets such as fiat currencies or commodities.

Industry leaders hailed the bill as a measure that would “safeguard innovation and strengthen U.S. competitiveness.” Critics, however, warned that while the Act sets basic standards, it introduces new risks and remains overly deferential to industry interests.

Analysis published by the [St. Andrews Law Review](#) found that the Act supersedes existing bankruptcy law by prioritizing stablecoin holders over other creditors. Senator Elizabeth Warren (D-MA) [similarly criticized](#) the bill for expanding the stablecoin market without applying robust anti-money laundering safeguards to exchanges and intermediaries.

Democratic lawmakers introduced amendments aimed at restricting senior government officials—including the President—from profiting from personal crypto ventures and strengthening sanctions-evasion controls. Those provisions were stripped from the final bill. [Transparency International U.S.](#) later warned that the Act creates enforcement gaps at a time when crypto-related scams cost consumers an estimated \$17 billion in 2025 alone.

The GENIUS Act passed with [strong bipartisan support](#). Eighteen Senate Democrats joined all 50 Republicans, and 102 House Democrats voted alongside 206 Republicans. Every winning candidate supported by Fairshake PAC in 2024 voted to advance the bill, underscoring the effectiveness of the industry’s bipartisan spending strategy.

Market Structure and Enforcement Gaps

The bipartisan success of the GENIUS Act did not settle the broader debate. Instead, it set the stage for renewed conflict over market structure, oversight authority, and limits on executive branch involvement. Debate over another proposed piece of crypto legislation, the CLARITY Act, has exposed similar tensions. [Proposed restrictions](#) on senior officials profiting from crypto have again become a flashpoint. In January, Senate Banking Committee Chairman Tim Scott postponed markup after Coinbase CEO Brian Armstrong publicly criticized the bill, stating, [“We’d rather have no bill than a bad bill.”](#)

At the same time, Senate Agriculture Committee Chairman John Boozman [moved forward](#) with portions of the legislation without Democratic support, raising concerns that dividing oversight between agencies and limiting the SEC’s authority could further weaken consumer protections.

These policy debates unfold against persistent market instability. On October 10, crypto markets lost more than [\\$800 billion in value](#) in under 24 hours, a crash [linked in part](#) to flaws in Binance’s collateral pricing system and the absence of traditional market safeguards. While Bitcoin temporarily recovered, much of its post 2024-election gains have been erased and many smaller tokens were effectively wiped out in the late 2025 crash.

Crypto's instability and propensity to plummet in value carries similarities with other financial crises of the past. The Savings and Loan Crisis of the 1980s and 90s was caused in no small part due to the lack of accountability and oversight from the Federal Home Loan Bank Board (FHLBB), a regulatory body that was highly deferential to FHL banks and was unlikely to take swift action to correct problems within the industry. While exogenous factors ("Stagflation") caused the crisis to spiral, the ability to recognize the danger and properly oversee all actors to maintain a healthy ecosystem was a systemic failure on the part of the government. With the proposed CLARITY Act set to divide enforcement between the SEC and CFTC, while stacking the CFTC with crypto and betting CEOs, these actions echo the unhealthy and deferential environment that set the S&L Crisis in motion.

While the subprime crisis of 2008 ended with catastrophe for large financial institutions like Bear Stearns and Lehman Brothers, the market for collateral debt obligations and other mortgage-backed securities were wildly profitable for a time. The underlying security (mortgages) were assumed to be rock solid investments not requiring further scrutiny. Crypto has seen similar positive cash flow products based on an assumption of long-term growth emerge in the form of corporate "Bitcoin Treasury" offerings to stabilize short-term price swings.



Bitcoin valuation as of February 11th, 2026. All value gained since the 2024 Presidential Election has been lost in multiple crashes.

These offerings further correlate Bitcoin more closely with equities and the broader market, increasing price volatility in relation with wider trends and exacerbating the speculative swings in valuation inherent in an asset with limited intrinsic value. If an institutional holder is forced to liquidate their holdings due to outside factors, it could trigger a massive sell-off based on fear without any traditional finance circuit breakers to protect consumers.

A Narrowing Oversight Environment

Voices critical of the crypto industry's current role have also been sidelined. Securities and Exchange Commissioner Caroline Crenshaw, a crypto skeptic, was not re-nominated in 2025 after key Senate votes failed to advance her nomination. Senator Adam Schiff, who received heavy backing from crypto-aligned PACs in his recent election, declined to provide a critical vote that could have preserved a Democratic seat at the Commission.

Crypto leaders increasingly portray the industry as mature and capable of self-regulation. Yet the combination of weakened enforcement, unresolved structural risks, and politically driven policymaking suggests otherwise.

Political spending has delivered policy wins. Whether those wins translate into long-term stability—or invite future backlash from regulators, states, and consumers—remains an open question.

Executive Branch Conflicts & Enforcement Shifts

For the Trump Administration, deregulation of crypto has been framed as a policy objective rather than a cautionary tale. Despite multiple high-profile market crashes, the executive branch has scaled back enforcement activity and signaled a more permissive posture toward the industry. Actions taken by the Department of Justice (DOJ) and the Securities and Exchange Commission (SEC) reflect a significant shift from the prior administration's approach.

The administration has dropped several enforcement actions initiated under President Biden and has granted presidential pardons to high-profile crypto figures convicted of crimes including fraud and violations related to money laundering controls. Supporters describe the shift as correcting regulatory overreach. Critics argue that the rapid rollback risks reputational harm and invites scrutiny over potential conflicts of interest.

Among those pardoned was Binance founder Changpeng Zhao ("CZ") who had pleaded guilty to violations tied to anti-money laundering failures. President Trump also issued pardons to Ross Ulbricht, founder of Silk Road, who had been serving two life sentences related to

Case study: The Pardon of CZ

Changpeng "CZ" Zhao, CEO of Binance, pleaded guilty in 2023 to anti-money laundering violations as part of a \$4.4 billion Justice Department settlement. He was sentenced to four months in prison in April 2024 after authorities found Binance failed to prevent illicit transactions, including activity tied to sanctioned jurisdictions.

On October 21, 2025, President Donald Trump The decision followed reports linking a

\$2 billion UAE-backed investment in Binance to the Trump family's crypto venture, World Liberty Financial, and came amid discussions about Binance re-entering U.S. markets.

The pardon intensified scrutiny of ties between the White House and the crypto industry. Lawmakers highlighted financial connections between individuals receiving favorable treatment and crypto projects

associated with the President and his family.

For an industry seeking mainstream legitimacy, the episode underscores a central risk: political alignment can deliver access and favorable outcomes, but also heightens regulatory scrutiny, governance concerns, and reputational exposure.

narcotics trafficking and money laundering conducted via Bitcoin, as well as BitMEX founders Arthur Hayes, Benjamin Delo, Samuel Reed, and Greg Dwyer, who had been convicted of violations of the Bank Secrecy Act.

These enforcement shifts also carry red flags beyond the crypto sector itself. Digital asset markets are becoming increasingly intertwined with traditional financial institutions, investment vehicles, and lending markets. As these connections deepen, regulatory gaps or weak oversight may allow risks to accumulate in ways that are not immediately visible. Financial history suggests that when rapidly evolving financial products expand faster than the rules governing them, risks can build quietly before emerging during periods of market stress. In that context, the weakening of enforcement around crypto activity raises questions about whether risks could extend beyond the digital asset ecosystem and into the broader financial system.

The trend of “tokenized RWA” or “real world assets” is just one way that blockchain technology and crypto offerings are enmeshing with traditional finance. Tokenization involves issuing digital proof of ownership of an asset on a blockchain, providing fast and varied methods of verifying and fractionalizing ownership.

However, this form of ownership verification comes with several high-profile risks to consumers who might not understand the nature of the product they are purchasing. Legal systems have not uniformly accepted digital ownership, meaning you could find yourself owning an unenforceable token of ownership, or owning a tokenized asset that has lost value with no change in the underlying asset.

The pardons, combined with dropped or paused enforcement actions, have fueled concern over whether political access and industry alignment are reshaping oversight standards at a time when crypto markets are becoming more connected to the broader financial system.

All the president's coins

At the same time that federal enforcement has eased, President Trump and his family have expanded their own involvement in crypto ventures.

Cryptocurrency “meme coins” have been launched bearing the names \$TRUMP and \$MELANIA. The President and his eldest sons are associated with World Liberty Financial and its related token, \$WLFI. Alt5 Sigma (ALTS), a crypto firm affiliated with Eric Trump, reportedly holds more than \$1 billion in \$WLFI tokens.

Meme coins are widely viewed—even within crypto circles—as speculative instruments driven primarily by hype rather than any underlying utility. For retail investors, these offerings carry significant risk and minimal consumer protection. In 2025, the collapse of the Mantra Network erased more than 90% of its token value, with reported losses approaching \$6 billion. Other politically affiliated tokens have similarly left investors with steep losses.

Trump-aligned crypto ventures have experienced sharp price declines. The \$TRUMP and \$MELANIA tokens have fallen more than 90% and 99% respectively from peak values, erasing billions in market capitalization. World Liberty Financial’s \$WLFI token has declined 46% since its launch in August 2025. Alt5 Sigma’s \$ALTS has dropped more than 66% over six months amid SEC compliance scrutiny. American Bitcoin (\$ABTC), another Trump-linked venture, has fallen more than 70% over six months and over 99% since inception.

Even as valuations decline, individuals and entities may continue purchasing crypto products tied to the President without the disclosure requirements or contribution limits that apply to traditional campaign finance. Legal scholars have raised concerns about this structure. In a 60 Minutes interview, Harvard Law Professor Lawrence Lessig stated that such arrangements create what “any ordinary American would understand” as a potentially corrupting relationship.

There is no public finding of wrongdoing in these transactions. However, the overlap between enforcement decisions and financial relationships has intensified public skepticism. A recent poll found that 64% of respondents have no interest in engaging with crypto, and 55% view it as inherently risky.

For an industry seeking mainstream adoption, the perception of pay-to-play dynamics may carry long-term costs. Political access can accelerate policy change. It can also amplify concerns about governance, transparency, and whether markets operate on neutral rules rather than personal connections.

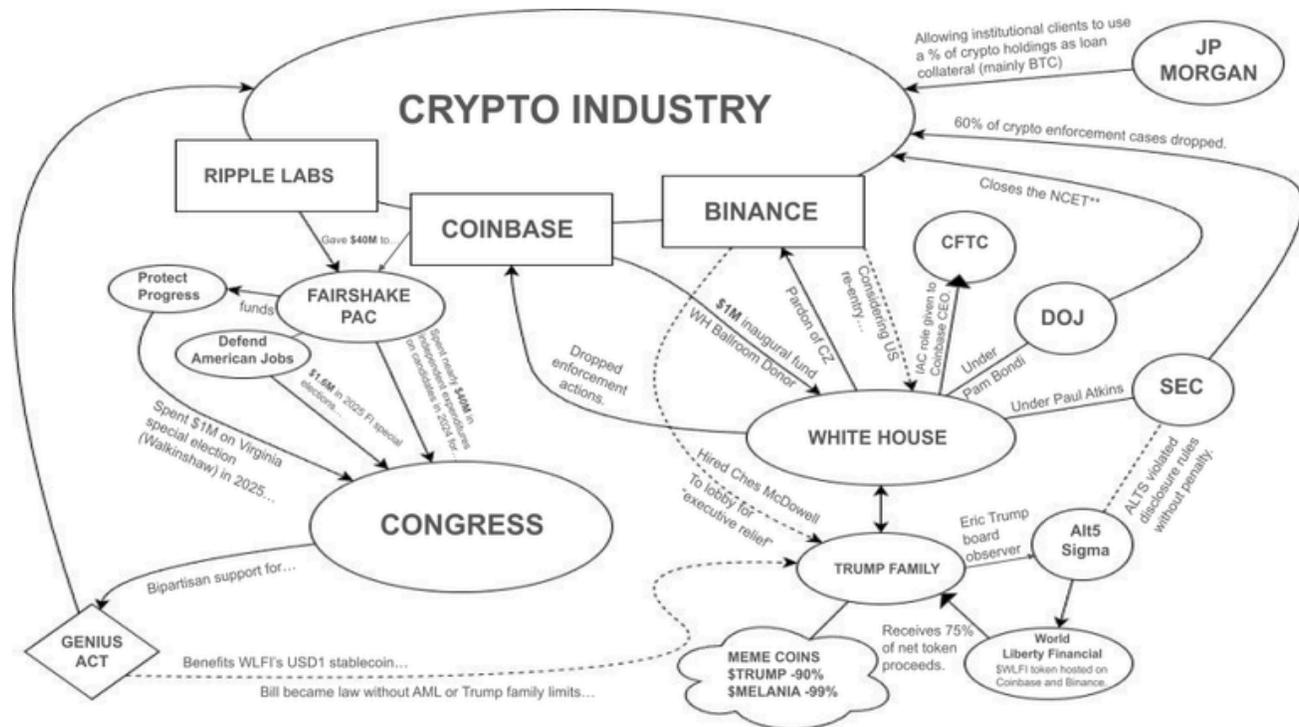


Diagram of the complex financial relationships between the White House, Trump Family, Crypto Industry and Congress.

Industry Reactions

The crypto industry is not unified in its response to the White House's deepening involvement in the sector. While some executives have welcomed the administration's deregulatory posture and expressed optimism that a market structure bill could pass before year's end, others have voiced unease about the political and reputational consequences of close alignment with the President.

Erik Vorhees, founder of the ShapeShift exchange, publicly criticized Trump-branded meme coins as "stupid and embarrassing," reflecting concern among some long-time crypto advocates that such ventures undermine the industry's credibility. Ethereum co-founder Charles Hoskinson similarly warned in an interview with CoinDeskTV that the "extractive" nature of the President's crypto projects threatens the fragile bipartisan consensus around crypto legislation. In his view, overt political branding risks turning what has been framed as a policy debate into a partisan loyalty test—potentially delaying or derailing broader market structure reforms.



"There's no accountability. There's no respect for the rule of law, and there's no respect for the balance of power. Crypto equals corruption. It's a wealth transfer mechanism for Trump and his friends. And that didn't help any of us."

**- Charles Hoskinson,
American Cryptocurrency Entrepreneur, in an interview with CoinDesk**

These concerns are not purely rhetorical. Polling data show a widening partisan gap in attitudes toward crypto. A Gallup survey last year found roughly a 20-point difference between Democrats and Republicans on whether investing in crypto is considered "risky." President Trump's embrace of the label "Crypto President" has increased the industry's political visibility,

but it has also reinforced existing partisan divides. For companies seeking long-term regulatory durability and mainstream adoption, that polarization presents a strategic risk.

These debates are unfolding as traditional financial institutions increasingly explore ways to integrate digital assets into mainstream financial products and services. Institutional custody platforms, exchange-traded funds tied to crypto assets, and lending arrangements backed by digital tokens are expanding the sector's footprint within conventional financial markets. Tokenized assets in real estate and minerals are allowing for greater flexibility outside of just traditional financial institutions.

Supporters argue that this institutional adoption signals the industry's maturation. J.P Morgan had recently begun to allow institutional clients to use holdings of Bitcoin and Ethereum as a portion of loan collateral. Critics warn that deeper financial integration through offerings like stablecoin rewards without consistent regulatory safeguards like banking operates under could expose a much wider set of investors and financial institutions to the volatility that has long characterized crypto markets.

Scrutiny has extended beyond the President's personal ventures to senior administration officials with financial exposure to the sector. David Sacks, the White House "Crypto and AI" czar, retains investments in the crypto asset manager Bitwise through his firm Craft Ventures, which itself holds positions in specific crypto assets. The New York Times has described these holdings as presenting potential conflict-of-interest concerns, particularly given Sacks's involvement in shaping technology and crypto policy and discussions surrounding a proposed "strategic crypto stockpile."

Additional reporting has noted that one of Sacks's portfolio companies, BitGo, could benefit from provisions in the industry-backed GENIUS Act. Ethics experts have emphasized that even the appearance of overlapping policy authority and financial interest can undermine public confidence in regulatory decisions. Sacks has dismissed the Times' reporting as a "nothingburger" and has defended his holdings as appropriately structured.

Within the industry, reactions to these developments have been mixed. Some leaders argue that insider expertise is essential to crafting workable regulation. Others warn that blurred lines between policymakers and market participants could fuel backlash, particularly if future market downturns expose governance weaknesses.

Congressional Democrats have begun raising similar concerns. Lawmakers sent a detailed letter questioning what they described as the “pay-to-play” optics of certain enforcement pauses and policy shifts under the second Trump administration.

For an industry still working to overcome public skepticism, internal division over strategy reflects a broader reality: crypto is not monolithic. It includes technologists, venture capitalists, exchanges, decentralized finance advocates, and retail platforms—groups with differing risk tolerances and political calculations. Some prioritize rapid legislative wins and regulatory clarity. Others fear that overt political alignment and perceived overreach could trigger long-term reputational costs.

The President’s direct participation in crypto markets adds a new layer of complexity. Without robust disclosure and clear guardrails separating policymaking from personal financial interests, critics argue that it becomes difficult to distinguish public-interest regulation from private advantage. Supporters counter that deregulation and innovation are aligned. That debate, both within the industry and in Washington, underscores a central tension: political momentum can accelerate policy change, but it can also deepen polarization and invite scrutiny. For crypto companies seeking stability, the question is not simply whether the current environment is favorable, but whether it translates into sustained success.

What's Next?

For all the victories secured after the 2024 election, the risks of conducting business through political spending do not disappear. They compound. President Trump's direct involvement in crypto policy, enforcement decisions, and personal ventures has heightened the industry's political exposure. What may deliver short-term access can also deepen partisan identification and invite reputational blowback.

Legislative wins do not resolve the structural weaknesses that continue to define the sector. Market volatility, weak consumer protections, and fragile public trust remain. At the same time, public skepticism of corporate political spending remains high across party lines. Aligning too closely with any administration—or appearing to seek policy favors—introduces risks that extend beyond a single election cycle.

For publicly traded contributors, these dynamics raise concrete governance questions. Boards must ensure appropriate oversight of political spending, establish clear corporate policies, and maintain disclosure frameworks that illuminate both direct contributions and aligned PAC activity. Companies should also consider scenario planning for regulatory or reputational backlash, particularly where political alignment intersects with executive branch decision-making.

Political spending without these guardrails becomes a material risk factor. It can affect regulation and oversight, consumer confidence, shareholder value, and long-term market stability. For an industry still working to establish mainstream legitimacy, those risks are not theoretical.

The Center for Political Accountability urges investors and companies alike to treat political spending as a governance and risk management issue. Durable growth requires more than legislative victories. It requires transparency, accountability, and a clear separation between policymaking and private financial interest. As important, it requires that companies look broadly at the impact of their political spending on the company and the business and economic environment in which they operate and that they depend on to grow and thrive. Without those safeguards, political influence and the accompanying spending puts the industry and the wider economy at serious risk.

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