

Gemini, SEC Near Settlement in Crypto Lending Case

The proposed settlement shows the U.S. Securities and Exchange Commission has "not entirely left the crypto field of play," according to an expert not involved in the matter.

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By [Michael A. Mora](#)

The cryptocurrency exchange known as Gemini Space Station reached a settlement in principle to resolve its unregistered securities trading claims in New York federal court brought by the U.S. Securities and Exchange Commission.

The deal marks a potential win for Gemini founders Tyler and Cameron Winklevoss, 44, and highlights the agency's growing preference for negotiated resolutions over precedent rulings, according to Nicolle Lafosse, of counsel at the international law firm [Diaz Reus](#).

"While this approach may provide regulatory certainty for Gemini," Lafosse said, "it leaves unresolved the fundamental need for judicial and statutory clarity regarding the application of securities laws to digital assets."

The Biden administration's SEC under [Chair Gary Gensler](#) sued Gemini and Genesis Global in January 2023, alleging that the companies bypassed disclosure requirements for Gemini Earn that were intended to protect investors. Gemini Earn allows customers to lend bitcoin and other crypto assets to Genesis Global Capital in exchange for interest payments.

While Genesis agreed to a \$21 million fine to settle the case without admitting wrongdoing, Gemini has denied the allegations. However, the Trump administration's SEC has drastically changed its [leadership and](#)

[priorities](#), including the recent release of a [166-page report](#) pressing policymakers to develop a crypto-friendly legal framework.

Monday's joint letter to U.S. District Judge Edgardo Ramos of the Southern District of New York said the commission must still approve the agreement, which would "completely resolve" the litigation. The parties asked the court to stay all deadlines and said they would file a status update by Dec. 15 if the paperwork is not finalized by then.

Mark Bini, a partner at [Reed Smith](#) in its New York and Miami offices, represents companies and individuals in complex financial disputes. Bini said the proposed Gemini settlement signals further proof of an evolution in the SEC's crypto enforcement posture.

"That said, it also indicates that the SEC has not entirely left the crypto field of play," Bini observed. "It appears to be an implicit admission that yield-bearing crypto products like this one will be viewed as within the SEC's jurisdictional reach."