



## Ripple Lawsuit: ETH Could Be Next!

### Description

This week is a pivotal moment for cryptocurrency. **Ripple Labs** is being sued by the U.S. Securities and Exchange Commission (SEC), which has accused it of selling unregistered securities. Ripple is the organization that develops **XRP** ([CRYPTO:XRP](#)), one of the world's most popular cryptocurrencies. The SEC is accusing Ripple of having conducted a \$1.3 billion securities offering by selling XRP to the public. The lawsuit is seeking that Ripple return all the money it raised, plus interest. If the SEC wins, it will establish a landmark precedent, and the implications reach far beyond Ripple itself. In this article, I will explore how the Ripple lawsuit could have wide-ranging implications for other crypto projects — notably **Ethereum** ([CRYPTO:ETH](#)).

### How the lawsuit could affect other cryptos

In itself, the [SEC vs. Ripple lawsuit](#) won't affect the cryptocurrency market. The lawsuit is against Ripple Labs, not private holders of Ripple. Therefore, it needn't necessarily affect the price and supply of XRP or any other cryptocurrency. However, if the lawsuit were to succeed, it would have wide-ranging implications for any organization that raises money by issuing and selling cryptocurrency. If XRP is classified as a security, then the same label applies to pretty much any crypto. So, organizations that are responsible for issuing and selling cryptocurrency will be responsible for following securities law.

This isn't a problem for **Bitcoin**, whose creator's identity is unknown. It is, however, a problem for Ethereum. Ether has a well-known organization behind it. Its founders' identities are all known, and they participated in the token sale that got ETH out to the market. If the SEC lawsuit against Ripple succeeds, then Ethereum.org might also be sued. ETH will also be subject to securities law from that point forward. That will make it a lot harder for organizations to issue and sell crypto, as the process will involve lawyers, investment bankers, and other such highly paid professionals.

A loss by Ripple could also have negative consequences for companies like **HIVE Blockchain Technologies** ([TSXV:HIVE](#)) (NASDAQ:HVBT). HIVE makes money by mining and selling cryptocurrency. It does not invent new cryptocurrencies out of thin air, but it does bring new tokens into

existence. Is mining a form of securities issuance? The SEC's lawsuit does not speak to that, but it seems like an angle that the SEC could possibly take in the future. If it wins in its lawsuit against Ripple, perhaps the SEC will be emboldened to go after miners and have them classed as securities issuers as well.

## Will the SEC win?

The million-dollar question in all of this is whether the SEC will actually win. You'd need to talk to a lawyer about how the trial is going, but most media coverage of the suit seems to be implying that Ripple Labs is prevailing so far. It isn't controversial to say that efforts to have cryptocurrencies regulated as securities have so far failed. In November, a Connecticut jury decided that [cryptocurrencies were not securities](#) and that developers/miners were not issuers. Based on that precedent, it looks like Ripple is in the clear. But only time will tell how things will play out.

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### Date

2025/10/02

### Date Created

2022/02/19

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