



Is Ripple a Good Buy Right Now?

Description

The cryptocurrency industry has been notorious for making it to the headlines quite regularly over the years, and not every instance is a good one. Presently, Ripple Labs, the company behind **XRP** ([CRYPTO:XRP](#)), is under fire from the U.S. Securities and Exchange Commission (SEC).

XRP, also commonly referred to as Ripple, is among the most [popular cryptocurrencies today](#). Ripple Labs is being accused by the SEC of selling unregistered securities worth US\$1.38 billion by selling the dollar equivalent amount of XRP tokens to the public.

The SEC appears to have a vendetta against the company. The lawsuit filed by the regulatory authority effectively demands that Ripple return all the funds it raised through its XRP sales, alongside interest. A win for the SEC could have far-reaching implications for the entire cryptocurrency industry.

If you're interested in [investing in technology](#), it's a good idea to keep an eye out on big developments in the crypto industry, because they could also impact other investments you might be considering in this space. Today, I'll take a closer look at the situation to help you determine whether buying XRP could be a wise decision right now.

The accusation and response

The SEC is attempting to ensure that cryptocurrencies do not offer up tokens and insider information before they are legally allowed to do so. The SEC considers XRP as a security and not a currency, making the token fall under securities laws like publicly traded companies. The SEC has accused Ripple Labs of selling 14.6 billion XRP units to fund the company and pay for themselves.

Ripple Lab's executives have responded to the allegations, stating that XRP is a digital asset like all other cryptocurrencies, effectively making it impossible to consider it a security. There may also be plans to unseal documents from 2012 that show that the company behind XRP tokens was not offering investment contracts.

Who is winning the lawsuit?

I cannot say which of the two parties has been doing better than the other in the lawsuit. I lack the legal expertise to provide you with that perspective. By the strictest definition of the term “security,” XRP does not fall into the category. However, the U.S. Securities Act describes a security as pretty much any traditional financial asset. XRP is not a traditional financial asset.

Depending on how the Supreme Court views it and rules on it, the case is pretty much up in the air at this point. The SEC and Ripple Labs have both had their small victories in the proceedings so far, but it remains to be seen where the situation will lead.

Foolish takeaway

The SEC vs. Ripple Labs case is a pivotal point in the cryptocurrency industry’s existence. To date, no government body has successfully managed to regulate crypto as a security in the United States. If the SEC wins, it would be a monumental decision, and the effects would “ripple” throughout the cryptocurrency industry.

It could have implications for other companies or entities that raise money by [issuing and selling cryptocurrency](#). If the SEC wins, cryptocurrencies will be labeled as securities, and organizations behind them could face legal issues. I would be cautious about investing in XRP until the proceedings move forward towards a conclusion.

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