



Ripple Lawsuit: Complete Victory or Settlement?

Description

The Ripple Labs lawsuit has been through many twists and turns since it began. Between little victories, delays, and motions, it has come a long way. At this point, most commentators agree that Ripple is about to emerge victorious. The SEC has failed to have some damaging claims by its finance director excluded from Discovery, and the defendant has racked up many procedural wins. Additionally, a capital markets lawyer who was formerly an SEC official thinks that Ripple's case is legally correct.

So, everything is [going in Ripple's direction](#). That's bullish for Ripple itself and for anyone who wants **XRP** ([CRYPTO:XRP](#)) to succeed.

The question at this point is, will Ripple settle or go for a complete victory? If Ripple settles, it can end the SEC lawsuit relatively quickly and inexpensively. A settlement much lower than that sought by the SEC could be affordable and save the company some money. However, if Ripple gets a judgment that holds it not liable, that's much cheaper and spares the company any future securities regulation. It's a key moment for the company and, potentially, for the crypto industry as a whole.

Why Ripple might settle

One reason why Ripple might settle the XRP lawsuit is because it's cheap and easy. Trials are typically expensive, racking up enormous legal fees and other expenses. If Ripple settles, then it can get this all over with cheaply and easily.

For example, let's say that Ripple negotiates with the SEC and hammers out a \$10 million settlement. That is \$1.29 billion less than what the maximum amount Ripple could be [forced by the court to pay](#) — in theory, anyway. The judge in the Ripple case does not appear to be particularly sympathetic to the SEC so far. It seems unlikely that she would order Ripple to pay out the full amount. However, a sufficiently small settlement could still be cheaper than potentially taking this all the way to trial.

What complete victory would mean

One benefit of Ripple scoring a complete victory in its lawsuit is that it won't have to pay anything out. That would be a major benefit for the company itself. The precedent would also be beneficial to the crypto economy as a whole. If the judge ruled that Ripple was not registering securities illegally, then we'd have caselaw saying that cryptocurrencies are not securities. That would leave the vast majority of crypto developers off the hook for registration, financial filings, and other costs associated with securities.

So, projects like **Ethereum** would benefit from a Ripple win just as much as Ripple itself. With huge legal costs off the table, they would be free to develop their projects unencumbered. Their tokens' prices could benefit from this.

Foolish takeaway

The big takeaway is this:

Ripple looks poised to win its lawsuit. The only question is how big of a win it will be. If it settles, it will likely pay less than the \$1.3 billion (plus interest) the SEC wants. If it wins at trial, then it may go home paying out nothing. Either way, this is a good sign for XRP holders, as cryptocurrencies depend on continual development and support from the organizations that maintain them.

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