



## Ripple Lawsuit: A Huge Victory!

### Description

Ripple Labs recently scored a major procedural victory in the **XRP** ([CRYPTO:XRP](#)) lawsuit. In a hearing, Magistrate Analisia Torres struck the SEC's motion to have Ripple's fair notice defence excluded. If the SEC had won the motion, then Ripple would not have been allowed to argue that the SEC never notified it that its sale of XRP tokens was illegal.

Because the judge struck down the motion, Ripple is allowed to use the fair notice argument. That means that Ripple has one more asset to use in the case should it go to trial. It may also signal that Magistrate Torres is sympathetic to Ripple, which would bode well for Ripple should the case go all the way to trial.

### What this victory means

Ripple's victory on fair notice means that it can argue that the SEC never gave it proper notification that XRP tokens are securities. The entire purpose of this lawsuit is to show that XRP is a security. But according to the defendants, the SEC never made an adequate attempt to explain that to them. This calls into question the SEC's entire case. If the SEC had seriously believed that XRP was a security, wouldn't it have known that in time to tell Ripple to desist from its sale? It apparently didn't.

The SEC failing to notify Ripple that it was doing an illegal securities registration doesn't prove anything. But it is quite damaging when viewed alongside other aspects of the case. The SEC has made several statements that damage its own case. For example, it is known that high-profile SEC officials were saying that cryptocurrencies aren't securities before this lawsuit even started. That suggests that the SEC didn't have a lot of conviction in its current position until recently.

Taken as a whole, all of these little factoids portray an SEC that is not terribly convinced of the virtue of its own case. That doesn't make or break the case factually, but there's always a human element to trials, and the SEC's apparent flakiness could make it look bad in court.

## Will it make XRP a buy?

Having established that Ripple just won a major procedural victory in the SEC lawsuit, it's time to ask: Does this fact have any implications for investors?

Certainly, the lawsuit has implications for Ripple Labs. If the company has to [pay out \\$1.3 billion plus interest](#), then it is unlikely to be able to continue as an organization. \$1.3 billion is a massive amount of money. Ripple's financials aren't a matter of public record, but given its size, it seems unlikely that it has \$1.3 billion in cash on hand. If it has to pay out, then it may be bankrupted.

That, in turn, could have implications for the XRP token. Cryptocurrencies depend on their sponsor foundations to develop their blockchains, among other things. XRP, for example, has a payment network that is recruiting companies to accept XRP as a currency. Having a major organization backing the token is a huge asset. If Ripple gets bankrupted by the SEC lawsuit, then XRP will probably no longer have that support. The blockchain would suffer, and the token would possibly decline in value.

If Ripple wins, it will be able to [continue operating normally](#). It will be able to continue developing the XRP blockchain and doing other projects for the community, such as recruiting businesses to accept Ripple Payments. So, yes, the SEC vs. Ripple lawsuit does have implications for the XRP token. They may not be immediate, but they're very real.

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