



## XRP: Latest Court Ruling a “Big Win” for Ripple Labs

### Description

Fellow crypto investors! If you have been closely following the **Ripple Labs** vs. SEC lawsuit, here are two new rulings on the case. On March 11, Southern New York District Court Judge Analisa Torres denied SEC’s motion to dismiss Ripple’s fair notice defence. Ripple CEO Brad Garlinghouse claims that this ruling is a “big win” for Ripple, which has been at loggerheads with SEC about whether **XRP** ([CRYPTO:XRP](#)) is a [security](#). The SEC is claiming that XRP is a security and is therefore subject to securities law.

While the crypto community extensively talked about this ruling, there is another ruling wherein Judge Torres denied Ripple CEO Brad Garlinghouse and executive chairman Chris Larsen’s motion to dismiss the case against them for allegedly helping in the sale of unregistered securities (XRP).

### What do these court rulings imply?

Who is winning and who is losing? The first ruling gives Ripple a strong point to defend its case and could come in handy. However, it is still far from winning the case as the ruling is just a procedural win. The second ruling ensures that Garlinghouse and Larsen could be held accountable if SEC wins the case. Let me explain.

SEC filed a lawsuit, alleging Ripple raised \$1.3 billion through XRP, an unregistered digital asset securities offering, without notifying the regulator. Ripple can win the case if it proves that XRP is a [cryptocurrency](#) and does not fall under the securities law. Ripple is working around it but the argument is still ongoing.

In the meantime, Ripple has secured several procedural wins. When I say procedures, the SEC has set a procedure to go forward with any regulation. Ripple is fighting on two angles:

- Fair notice defence
- XRP is not a security

## How is the fair notice defense a win for Ripple?

Ripple filed an argument in April 2021 that SEC did not give fair notice that it would consider XRP distributions under securities law. The failure to provide this notice denied Ripple a chance to follow due process. The SEC filed a motion dismissing this defence. It insisted that Ripple's CEO had read the DAO [report](#) that states decentralized autonomous organization tokens are securities. Moreover, the SEC has been enforcing securities laws in the cryptocurrency industry for all the years XRP has been operating.

Judge Torres denied SEC's motion to dismiss the fair notice defence. This means she affirms that the defence is viable in the lawsuit. If the judge also accepts that the SEC failed to provide proper notice, Ripple could come close to winning the case. This is a landmark case for the crypto community, as it could lay the foundation for any future lawsuits between cryptocurrencies and the SEC.

## The judge refuses to dismiss the case against Ripple's executives

While Judge Torres made one ruling in Ripple's favour, she made another ruling in SEC's favour. In April 2021, Ripple executives Garlinghouse and Larsen filed a motion to dismiss claims against them that they were involved in the sale of unregistered securities. But the court has rejected this motion.

This means the court thinks that the SEC has adequately alleged a security law violation by the two executives. However, the commission now has to prove it. The SEC doesn't have to demonstrate that the individual defendants were aware XRP sales violated securities laws. Instead, it has to prove that the defendants knew what made XRP illegal and they still joined the venture and contributed toward its success.

If Ripple wins the case, Garlinghouse and Larsen are free from fines. But if Ripple loses, they could face consequences. However, this will not have an impact on the argument that XRP is a security or not.

Hence, in the latest court rulings, Ripple got another point toward the win.

## Why should you care?

Since the lawsuit began, exchanges have been delisting XRP to avoid any repercussions. The uncertainty around the verdict has pulled down the XRP price. Ripple is losing business. The case has been ongoing since December 2020. XRP price has dropped 58% from its April 2021 high on the back of a regulatory crackdown. Ripple [expects](#) the case to be over between August 26 and November 18.

Moreover, other cryptocurrencies that are under the SEC radar are also watching the verdict. If Ripple wins the case, XRP price could boost significantly and also pull up the price of other altcoins.

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pujatayal

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