



XRP Lawsuit: What's the Verdict?

Description

Ripple's ([CRYPTO:XRP](#)) national token is among the decentralized digital currencies circulating in the [cryptocurrency market](#). XRP has a loyal following, although its community is still hoping for wider adoption and exponential [growth](#). The crypto runs on a digital payment network called RippleNet.

The purpose of the founders was for XRP to serve as an intermediate mechanism of exchange between two currencies or networks. When Ripple Labs took over in September 2013, it courted major banks and financial services firms to hop on the global payments network. The main selling point was speedy confirmation of transactions or within seconds at very low costs.

Unlike **Bitcoin**, XRP isn't an energy hog as its consensus system consumes very little amount of energy. The price soared to as high as US\$3.37 on January 7, 2018, but the crypto has since experienced more dips than spikes. As of March 19, 2022, the price of one token is US\$0.819. Breaking the US\$1 mark is elusive as ever because of a [thorn on Ripple's side](#).

SEC lawsuit

On December 22, 2020, a dagger hit the financial startup. The U.S. Securities and Exchange Commission filed a lawsuit against Ripple Labs and two of its senior executives. The regulatory body alleged the defendants traded US\$1.3 billion worth of their cryptocurrency as a security but didn't register them first.

The SEC classifies XRP as a security since it was used to finance a platform that facilitates money transfers for retailers. Ripple Labs and the concerned executives also made money from the sale. According to the SEC, the securities should have been registered with the commission along with the disclosure of certain financial information for public consumption.

The SEC's purpose for the requirements is to counteract fraud and protect investors' interests. Instead of complying with the demands, Ripple opted to engage the SEC in a legal battle. The company describes the case as biased against cryptos and an assault on Ripple.

Furthermore, the defendants wondered about the belated case when SEC filed after billions of XRP tokens had circulated on global cryptocurrency exchanges for seven years. It didn't make a determination nor give specific clarifications during the period.

Ripple knew the lawsuit will hurt the token and protested saying, "The SEC has introduced more uncertainty into the market, actively harming the community they're supposed to protect." Large crypto exchanges like Coinbase and Bitstamp delisted the token. XRP went on a freefall thereafter, crashing to as low as US\$0.221 on January 2, 2021.

Flawless for Ripple

The case is more than one year old and the legal tussle between the SEC and Ripple is still ongoing. Despite the high-profile lawsuit, XRP is the sixth-largest cryptocurrency by market cap. As of this writing, Ripple's market cap is US\$38.8 billion. It's higher than **Ethereum**-killers **Terra**, **Cardano**, and **Solana**.

Judge Analise Torres recently denied the SEC's motion to strike the fair notice defense. Attorney Jeremy Hogan, a Partner at Hogan & Hogan law firm, said "If the Fair Notice defense survives and Ripple wins, the SEC will have an uphill battle winning any lawsuits they bring."

Market Haven has a bullish market outlook for XRP. The crypto assets prediction platform said this year will be flawless for Ripple. Once the controversy ends and the verdict is in its favour, the price could reach as high as US\$20.

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