



Ripple Lawsuit: Victory Around the Corner

Description

Ripple Labs is likely on the verge of a huge victory in the lawsuit brought against it by the U.S. SEC. Last week, the **XRP** ([CRYPTO:XRP](#)) developers won a procedural motion that allowed them to use important testimony in court. With this victory under its belt, Ripple is free to proceed to trial with pretty much all of the evidence it wants to use.

Now, an attorney representing XRP holders — John Deaton — is predicting the lawsuit will come to an abrupt end in August. In a statement, he said that the lawsuit would likely end with a ruling rather than a settlement. This is consistent with the behaviour of both parties in the lawsuit, neither of whom appears willing to compromise.

Ripple defeats important motion by SEC

Last week, the SEC [attempted a second time](#) to have William Hinman's comments thrown out of court. Hinman is an SEC official who publicly commented that cryptocurrencies are not securities. The SEC is attempting to prove the exact opposite: that cryptocurrencies *are* securities. Having the SEC's own employee contradict it is not going to look good in a trial, because it makes it look like the plaintiff isn't sure about its own case. So, it's obvious enough why the SEC would want this evidence thrown out.

Unfortunately for the SEC, it lost its second motion to have the evidence thrown out. The judge had ruled months ago that the evidence was admissible; the SEC petitioned her to reconsider her previous decision. She denied the motion, so now Ripple Labs will be able to use the evidence it wants to in court.

Why a settlement is looking less likely

In a previous article, I wrote that Ripple's big procedural win might allow it to settle on favourable terms. Attorney John Deaton's [recent comments](#) suggest that that outcome is actually not likely. In a recent statement, he said that a "best-case scenario" is a ruling in August. The word *ruling* implies that there will be a trial. If that's the case, then there will be not a settlement.

Deaton didn't specifically say why a settlement is unlikely, but the two sides' extreme disagreement might have something to do with it. Ripple's founders are saying that they want the SEC to pay their legal bills. That's not the behaviour you would expect from people who are willing to pay out in a small settlement to put a matter behind them. Unless the "settlement" is the SEC agreeing to drop the matter altogether, Ripple probably won't go for it.

Major implications for entire cryptocurrency market

The SEC vs. Ripple Labs lawsuit has major implications, not just for XRP holders, but for the entire cryptocurrency market. The SEC wants cryptocurrencies to be regulated as securities. If they prevail, then crypto developers will have to register tokens they sell. Cryptocurrency developers like those responsible for **Ethereum** and **Solana** will face higher costs. If Ripple wins, then this scenario is off the table, at least for the time being. So, a win by Ripple Labs would be bullish for crypto as a whole.

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