



XRP Lawsuit: Ripple's Lawyer Comes Out Swinging

Description

The **XRP** ([CRYPTO:XRP](#)) lawsuit took another big twist last week when **Ripple Labs's** lawyer took a swing at the SEC. Accusing the agency of “rug pulling” investors, he claimed that it was trying to delay the proceedings. In pre-trial hearings, Ripple Labs has generally favoured a swift pace, while the SEC has favoured many delays.

Accusing the SEC of a “rug pull”

In the crypto world, the term “rug pull” refers to a coin sale where the sellers quickly exit their positions, dumping them on unsuspecting buyers. On **Twitter**, Ripple lawyer Stuart Alderoty said that the SEC had essentially performed a rug pull on XRP investors, as its lawsuit had reduced the value of the token. In his Tweet, Alderoty claimed that the SEC's actions had wiped out \$15 billion in XRP market value. That reduced the value of XRP investors' holdings.

Whether or not the SEC's actions [amounted to a rug pull](#), there's no doubt that the agency created some problems for Ripple. The agency is seeking to have the company pay out \$1.3 billion plus interest. If Ripple were forced to pay out that much money, it would place an enormous strain on the organization. Ripple Labs is not just the developer of XRP. It's also responsible for developing the RippleNet payment network, and funding developers to make projects with XRP. All of this costs money. For example, its recent funding round for XRP developers was worth nearly \$1 billion. If Ripple Labs has to pay out \$1.3 billion, then many of its activities will become harder to finance.

Cryptocurrencies don't just exist in a vacuum. Although they are decentralized, they depend on organizations and groups for support. **Ethereum**, for example, is undergoing a series of upgrades by the Ethereum Foundation that will take its blockchain to 100,000 transactions per second. That kind of project can't be undertaken without funds. So, if Ripple were to lose the SEC lawsuit, its blockchain might suffer.

SEC losing motions

Having established that the SEC lawsuit in itself is bearish for XRP, we can turn to the good news: Ripple Labs appears to be winning.

Although we can never say for certain how a legal action will end, Ripple Labs has racked up a lot of procedural wins against the SEC. These include

- Getting SEC official William Hinman's statements about cryptocurrencies (that they aren't securities) admitted to trial;
- Having a motion [to reconsider](#) the admission of Hinman's statements dismissed;
- Getting a judge who ruled that Ethereum isn't a security deposed;
- And many other smaller victories.

These little wins are strategically important to Ripple, because they give it useful information that it can use in court to make its case. More importantly, they may signal that Judge Sarah Netburn is sympathetic to Ripple's case. If the SEC vs. Ripple Labs matter goes to trial, then Netburn will be hearing transcripts of SEC officials saying that cryptocurrencies aren't securities, and direct testimony from another judge who ruled that Ethereum isn't one. This all looks very favourable for Ripple Labs and for the XRP token.

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