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DOJ Narrows Crypto Enforcement to Individuals

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On April 7, in a significant policy shift, the U.S. Department of Justice (DOJ) announced via the release of a memorandum that it will no longer pursue criminal enforcement actions that effectively impose regulatory frameworks on digital asset companies.

The memorandum criticizes efforts under the previous administration to pursue a “reckless strategy of regulation by prosecution” and formalizes the DOJ’s support for President Trump’s Executive Order 14178, which directs federal agencies to promote open access to blockchain networks and banking services for lawful crypto users.

The memorandum directs prosecutors to prioritize crypto cases that hold accountable individuals who (i) cause financial harm to digital asset investors and consumers, and/or (ii) use digital assets in furtherance of other criminal conduct, such as funding terrorism. Specifically, the memorandum sets the following prosecutorial priorities:

- Federal prosecutors are now discouraged from charging crypto-related regulatory violations unless they can prove the defendant acted willfully, with knowledge of the legal obligation they violated.
- Prosecutors are further advised not to bring cases that hinge on whether a digital asset qualifies as a “security” or “commodity,” unless absolutely necessary and with prior approval from the Deputy Attorney General.
- The DOJ will no longer pursue enforcement actions against platforms, custodians, or infrastructure providers solely for the activities of their users, unless those activities involve knowingly aiding or committing underlying criminal offenses.

Putting It Into Practice: This policy marks a decisive shift in the federal government’s posture toward digital assets, with criminal prosecution now reserved for intentional fraud and serious crimes. This development coincides with a broader shift among federal regulators in how they approach digital assets (previously discussed here, here, and here). For crypto platforms, developers, and financial institutions, the guidance offers greater certainty that good-faith compliance missteps will not be prosecuted as criminal conduct.

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