



U.S. Government Regulation of Cryptocurrencies Remains More Tortoise than Hare

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For the most part, U.S. governmental entities are allowing cryptocurrency regulation to evolve incrementally from existing laws, some of which have been in place for eighty or more years, rather than proposing a new regulatory framework. The advantage of this approach is that the government is allowing guidelines over the development and use of the technology to develop organically rather than establishing premature oversight which could inadvertently stifle a technology that is still in its infancy.

The disadvantage is that the lack of regulatory oversight makes it difficult for cryptocurrencies and related businesses to operate in the US without bright-line rules. A number of foreign countries (e.g. Switzerland, Gibraltar and Bermuda) have taken the opposite approach in an effort to establish cryptocurrency governance frameworks to lure investment.

By allowing crypto regulation to evolve organically rather than developing a new framework to accommodate it, the U.S. is deliberately taking a wait and see approach on crypto. While there are undisputed advantages to blockchain technology that are being explored throughout government and the private sector, the advent of cryptocurrencies threatens to disrupt the way the U.S. has traditionally regulated securities and commodities.

As important, some cryptocurrencies allow a simple by-pass of the myriad regulations promulgated under the Bank Secrecy Act and the Investment Advisors Act that are designed to protect consumers and prevent financial crimes such as money laundering. Those complexities, combined with the challenge of addressing issues that fall under the jurisdiction several different regulatory authorities, are key factors preventing the U.S. from becoming a world leader in crypto regulation.

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Blockchain, and Fintech Trailblazers” list. He is also the founder of the Tennessee Blockchain Alliance, an advocacy group that promotes crypto-friendly legislative initiatives to bring jobs, technology, and investment dollars to the state.

John’s full bio is available [here](#).

This post has been adapted from a Cointelegraph article^[i] in which Frost Brown Todd Member John Wagster is quoted at length regarding how the U.S. government’s regulation of cryptocurrencies compares with the framework adopted by other countries. John’s analysis appears verbatim above.

[i] “Why Is the US Not Yet a Leader in Crypto Regulation? Experts Answer,” by Max Yakubowski (Cointelegraph, August 2019).

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