

December 10, 2025

Honorable John Thune
Majority Leader
US Senate
Washington, DC 20510

Honorable Mike Johnson
Majority Leader
U.S. House of Representatives
Washington D.C. 20510

Honorable Chuck Schumer
Minority Leader
US Senate
Washington, DC 20510

Honorable Hakeem Jeffries
Minority Leader
U.S. House of Representatives
Washington, DC 20510

RE: Preserve Critical State-Level Investor-Protection Resources in Digital Asset Market Structure Legislation

We, the undersigned organizations, write to express our concerns with recent federal legislative proposals to establish a new market structure for digital assets, including electronic trading and complex derivatives involving cryptocurrencies, that would fail to preserve existing state laws and the means for consumers to enforce them. We urge Congress to ensure the continued viability of state laws and regulations in any federal market structure legislation by making it clear in the legislative text that the bill does not preempt state law and does not hamper the ability of states to adopt stronger protections for investors and consumers.

In our federalist system, states have long been charged with primary responsibility for protecting their citizens from wrongdoing such as fraud and misconduct. In recent years, state regulators, utilizing state law, have brought dozens of enforcement actions against bad actors in the digital asset industry, helping to ensure that harmed consumers are adequately remedied and protecting against future wrongdoing by putting bad actors on notice that illegal practices will be prosecuted.

Today, every state has securities laws that work in tandem with federal law to protect consumers from fraud and other unfair practices in connection with the offer, purchase, or sale of securities. This dual system of federal and state regulation has protected investors for nearly a century. Investors and consumers of crypto warrant this same level of dual protection.

Past legislative proposals concerning digital asset regulation, such as the CLARITY Act and FIT 21, would create federal frameworks for the digital asset and digital commodity industries. Those proposals, however, did not contain provisions to ensure that state laws and regulations in this area are not deemed preempted by the federal legislation. The absence of explicit language in the legislative text does not eliminate concerns regarding federal preemption. To provide this assurance, future bills should include a provision specifying that state consumer protection laws are not preempted by the legislation. Such

a provision will allow investors to receive the full protection of both state and federal law.

In a rapidly evolving industry, such as the digital asset industry, the best protection for investors and the marketplace is for state and federal laws to work simultaneously. We urge Congress to include a savings clause for critical state consumer protection laws in any future legislation seeking to create a federal framework for digital assets.

Sincerely,

Advocates for Basic Legal Equality, Inc.
American Association for Justice
Americans for Financial Reform
California Advocates for Nursing Home Reform (CANHR)
Center for Justice & Democracy
Demand Progress
Friends of the Earth US
JustLeadershipUSA
National Association of Consumer Advocates
National Consumer Law Center, on behalf of its low-income clients
Next 100 Coalition
Oregon Consumer Justice
Oregon Consumer League
Our Revolution
People's Action Institute
Public Citizen
Public Good Law Center
Public Justice
Texas Watch
The Academy of Financial Education
The Value Alliance
UltraViolet Action
Virginia Citizens Consumer Council

cc: United States Senate Committee on Banking Housing and Urban Affairs;
United States Senate Committee on Agriculture, Nutrition, and Forestry