

Coinbase's Wells Notice Is Business as Usual for the SEC

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Cryptocurrency exchange Coinbase has been on the offensive since learning it may face a US Securities and Exchange Commission enforcement action, but while it rallies crypto enthusiasts to its side with claims of unfair treatment, Bracewell's **David Shargel** told *Law360* that public outcry is unlikely to stop an enforcement action from coming.

"It certainly brings attention to the issue, as we've seen [yesterday]," said Shargel. "It could cause regulators to dig their heels in even more, which might make the process even more uncomfortable for Coinbase."

Coinbase disclosed that it was facing regulatory investigations last summer, and on March 27, it said that those investigations resulted in a Wells notice from the SEC. The document is effectively a courtesy notice from the agency's Division of Enforcement, warning a company that an investigation has yielded potential violations and the division plans to recommend that the SEC file an enforcement action.

While most defense attorneys would caution a client against going on a public relations campaign in the wake of receiving a Wells notice, Coinbase's hope is that causing a stir in Washington, DC, will influence congressional lawmakers to weigh in.

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