12 Reasons Why President Trump Will Fire SEC Chair Paul Atkins By Year-end (With Receipts)

(**Author's Note:** This article is academic and journalistic commentary on a matter of significant public concern — the regulatory record and likely tenure of the Chairman of the U.S. Securities and Exchange Commission, a public figure under any reasonable definition. It is presented in good faith, without malice, and as the personal opinion of its author.

The author has no inside information of any kind regarding any pending or contemplated personnel decision affecting Chairman Paul Atkins, the White House, the Securities and Exchange Commission, or any other governmental body, and has not communicated with any of the foregoing in connection with the topics discussed herein. Every factual assertion in this article is drawn from publicly available sources — federal court filings, the Federal Register, official press releases and statements, congressional correspondence, government reports, and contemporaneous news coverage — each of which is hyperlinked so that the reader may independently verify the underlying material. The author has not independently corroborated facts first reported by third parties; readers are encouraged to consult the original sources.

The conclusions, predictions, characterizations, and inferences expressed throughout — including the article's central prediction that Chairman Atkins will be removed from his position by year-end — are the author's analytical opinion based on the public record as of the date of writing, and are offered as commentary and forecasting, not as statements of fact concerning any future event. Nothing in this article alleges, and nothing herein should be construed as alleging, criminal or other unlawful conduct by Chairman Atkins, President Trump, any member of the Trump family, or any other individual named. This article is not, and should not be construed as, legal, financial, or investment advice, and no attorney-client or other professional relationship is formed by the reading of it.

Finally, the author acknowledges that predicting Donald Trump's personnel moves is a hazardous occupation and invites any reader who disagrees to bookmark this article and check back at year-end.)

12 Reasons Why President Trump Will Fire SEC Chairman Paul Atkins By Year-End (With Receipts)

By John Reed Stark
Former Chief, SEC Office of Internet Enforcement
President, John Reed Stark Consulting LLC

Paul Atkins is not surviving the year as Chairman of the U.S. Securities and Exchange Commission.

This is not casual prediction. It is a meticulously and painstakingly researched assessment grounded in the documentary record — in the Federal Register, in federal court filings, in U.S. Treasury Department correspondence, in FBI cyber-investigation alerts, in Financial Stability Board reports, in on-chain forensic data from the Tron blockchain, in Government Accountability Office findings, in the resignation of the SEC's own Director of Enforcement, in four ranking-member document demands already sitting in the Chairman's inbox, and in the fine print of the very enforcement settlements Atkins himself has authorized. Every assertion that follows is hyperlinked to a primary source. Every reader is invited to follow every link. The receipts are not merely in plain view — they *are* the argument.

Donald Trump fires people when they become political liabilities. By year-end, Paul Atkins will be a liability of an order of magnitude that this administration has not yet had to absorb — a regulator whose name is now welded to: (a) a doctrinal contradiction the SEC cannot explain, (b) the President's own multi-billion-dollar crypto venture, (c) an intelligence-and-sanctions war the United States is actively fighting against Iran, (d) a pre-loaded subpoena package waiting for a Democratic House majority, and (e) the regulatory architecture of the next financial crisis the President would otherwise be forced to own. The fall-guy slot has already been filled. Chairman Atkins filled it himself.

Here, in summary, are the twelve reasons the Atkins firing is now structurally inevitable:

1. **Iran is fighting Trump's economic war on the crypto rails Paul Atkins left wide open.** The Binance/Treasury monitorship story breaking this week is the opening shot — and it points squarely at the SEC chairman who dismissed Binance's case with prejudice five months before Trump pardoned Changpeng Zhao, and whose Tether-on-Tron policy posture is now financing Hezbollah, Hamas, the Houthis, and the Shahed drones killing American servicemembers.

2. **The worst SEC enforcement numbers in modern history will land in October 2026, four to six weeks before the midterms.** An 18% workforce collapse, the lowest enforcement count in twenty years, a budget request that formally encodes the new floor, and a six-month publication delay tied to testimony Senator Warren has formally accused Atkins of misleading Congress with. The numbers are already baked in. They cannot be unbaked.

3. **Atkins is running the precise deregulatory playbook that preceded every major financial crisis in modern American history** — Garn-St. Germain before the S&L collapse, Glass-Steagall repeal before 2008, the 2004 net-capital rule (which Atkins, then

an SEC commissioner, voted for) before Bear and Lehman. Trump does not want to be the President who owns the next one.

4. **Systemic risk is metastasizing in private credit** — and Atkins is publicly on the record three separate times, in open defiance of the Bank of England, the Financial Stability Board, the IMF, and his own dissenting Commissioner, declaring there is no problem.

5. **The SEC's own settlement framework now traps World Liberty Financial — the President's family crypto venture — with no escape route.** Door One investigates the President's family. Door Two declines to investigate and creates the most documented selective-enforcement record in agency history. Door Three is the OCC's pending decision on a Trump-family national trust bank charter. Every door gets Atkins fired.

6. **House Democrats will take the gavel in November with four ranking-member document demands already pre-loaded for conversion into subpoenas.** Kalshi prices the probability of a Democratic House majority at 85%. The instantaneous transition from "request" to "subpoena" is one signature.

7. **Former SEC Enforcement Director Margaret Ryan will testify** — Marine Corps Gulf War veteran, former military appellate judge, Clarence Thomas clerk, named by Trump himself to a Supreme Court shortlist, and Atkins's own hire — about the conflicts that drove her resignation. She is the witness Atkins cannot survive, because the conservative legal establishment will not turn on her.

8. **The SEC's whistleblower program has been quietly defunded by attrition.** Awards collapsed 90% from FY 2023. The first quarter of FY 2026 produced a 100% denial rate. Atkins has destroyed the agency's only post-Madoff fraud-detection mechanism — guaranteeing that every undetected fraud from here forward carries his name and his name alone.

9. **The Atkins SEC has put two mutually exclusive legal positions on the public record twelve days apart.** The March 5, 2026, Sun settlement necessarily maintains that TRX (a crypto asset) is a security under the Howey Test; the March 17, 2026, joint interpretation formally declares that most crypto assets are not. Both positions cannot be correct. The doctrinal trap cannot be escaped from the Chairman's chair.

10. **Big Tech has already buried blockchain.** Amazon, Microsoft, Alphabet, Apple, Meta, and Oracle will spend nearly $700 billion on AI infrastructure in 2026 and roughly zero on the blockchain technology Atkins has staked his chairmanship on. The SEC Chairman is now more enthusiastic about blockchain than the companies that build databases for a living — an asymmetry that does not survive the straight-face test.

11. **The NYSE's April 2026 rule filing concedes, in writing, that tokenization is a back-end notation change** — same ticker, same CUSIP, same shareholder rights, same DTC clearing, same T+1 settlement. The intellectual foundation of Atkins's entire deregulatory program dissolves in the rule text he himself approved.

12. **Trump faces unprecedented impeachment pressure over crypto corruption**, and Atkins is the connective regulatory tissue across every link in the documentary record. He

is, by an order of magnitude, the cheapest sacrificial offering available — high-profile enough to register as accountability and easily replaceable without policy disruption.

Each of these reasons would, on its own, threaten an SEC chairmanship. Together, they describe a position from which no regulator in the agency's ninety-two-year history has emerged intact.

Atkins built this trap with his own hands. The receipts are public. The timeline is short. And Donald Trump understands fall guys better than anyone in modern American politics.

The only question remaining — the only one — is *which Friday*.

Reason #1: Trump Is Fighting A War With Iran, And Iran Is Fighting Back On The Rails Paul Atkins Left Wide Open

This is the reason that will get Paul Atkins fired first, and it is happening in real time as this article is being written.

The United States and Israel are at war with Iran. President Trump ordered Operation Economic Fury in March 2025 — the most aggressive economic-warfare campaign against the Islamic Republic in American history — and the campaign has, by every measure, been remarkably successful on its own terms. Treasury Secretary Scott Bessent has publicly confirmed that since February 2025, OFAC has sanctioned approximately 1,000 Iran-related persons, vessels, and aircraft.

Bessent has confirmed the seizure of nearly $500 million in Iranian crypto assets — including a single $344 million USDT freeze on April 23, 2026 across two Tron addresses, the largest single Iran-linked crypto freeze in history. Iran's currency has fallen 60-70% against the U.S. dollar. Its largest bank collapsed in December. Inflation is running above 40% by official figures and closer to 50% by independent estimates. The regime is, in Bessent's own words, in a "currency crisis."

And yet — at exactly this moment of maximum pressure, with American servicemembers in harm's way — the picture on the other side of the ledger is catastrophic, and it is catastrophic because of Paul Atkins.

Consider what we know. According to Chainalysis's 2026 Crypto Crime Report, Iranian wallets received a record $7.78 billion in cryptocurrency in 2025. The IRGC and its proxy networks accounted for over 50% of all value received by Iranian crypto entities in Q4 2025, with over $3 billion in confirmed IRGC-linked transfers for the year — a lower-bound estimate that excludes the volumes from major sanctioned platforms like Zedcex and Zedxion, which between them processed approximately $1 billion in IRGC-linked stablecoin flows from the United Kingdom alone before OFAC finally got around to designating them in January 2026. Total illicit cryptocurrency volume in 2025 hit $154 billion, driven by a 694% increase in sanctioned-entity activity.

The IRGC is using cryptocurrency to finance Hezbollah, Hamas, and the Houthis. Iran is using cryptocurrency to procure components for its Shahed drone program — the very drones now killing American servicemembers. On March 1, 2026, in the opening hours of Operation Epic Fury, an Iranian Shahed drone struck a U.S. tactical operations center at the Port of Shuaiba in

Kuwait and killed six Army Reservists assigned to the 103rd Sustainment Command — Capt. Cody Khork, Sgt. 1st Class Noah Tietjens, Sgt. 1st Class Nicole Amor, Sgt. Declan Coady, Maj. Jeffrey O'Brien, and Chief Warrant Officer Robert Marzan — and seriously wounded eighteen more, with injuries including burns, brain trauma, and shrapnel wounds. It was not the first time: in January 2024, an Iran-backed drone killed three U.S. soldiers — Sgt. William Rivers, Spc. Kennedy Sanders, and Spc. Breonna Moffett — at Tower 22 in Jordan, and an Iranian-American national, Mahdi Sadeghi, was indicted in federal court the following December for procuring drone-component technology used in the strike. OFAC has sanctioned 14 individuals and entities specifically for procuring Shahed-series attack drone components and ballistic missile propellants.

None of this is novel intelligence. As far back as June 2023, Israel's National Bureau for Counter Terror Financing seized roughly $1.7 million in cryptocurrency from Hezbollah and Iran's Quds Force — every dollar of it held in Tether on the Tron blockchain. In October 2023, OFAC sanctioned BuyCash, a Gaza-based USDT-on-Tron exchange, after publicly tying it to Hamas, Al-Qaeda, and ISIS funding. Since 2021, Israeli authorities have ordered the seizure of more than $41 million from Hamas-linked wallets and $93 million from accounts tied to Palestinian Islamic Jihad — overwhelmingly on the same Tether-on-Tron rails. The infrastructure the IRGC, Hamas, Hezbollah, and the Houthis use to move money has been publicly identified, sanctioned, and seized for years. Atkins inherited that record. He chose to dismantle the SEC's enforcement architecture anyway.

Meanwhile, North Korea has stolen $6.75 billion in cryptocurrency since 2017, with $2.02 billion stolen in 2025 alone — financing a material portion of Pyongyang's ballistic missile and nuclear weapons program, even as Pyongyang and Tehran continue to cooperate on weapons and sanctions evasion. The single largest crypto heist in history — the $1.5 billion February 2025 Bybit hack — was attributed by the FBI to North Korean actors.

And then there is Binance.

On May 8, 2026, the news broke that the United States Department of the Treasury had taken an extraordinary step. In a letter dated April 19, 2026, Under Secretary for Terrorism and Financial Intelligence Gene Lange formally directed Binance to comply with the monitoring program the world's largest crypto exchange had agreed to as part of its 2023 guilty plea — the plea in which it paid $4.3 billion.

The penalty against Binance was the largest in the history of the U.S. Treasury Department and one of the largest corporate penalties in American history, imposed for systematic anti-money-laundering and sanctions failures. It appears that the reason Treasury sent this letter is that more than $1 billion in Iran-linked crypto reportedly flowed through Binance between March 2024 and August 2025.

Per The Wall Street Journal, the U.S. Department of Justice has opened a probe into Iran's use of Binance to evade sanctions and finance terrorist organizations, including the Houthis. Along the same lines, the DOJ probe builds on the WSJ's earlier reporting that Binance held approximately 2,000 Iran-linked accounts and processed nearly $2 billion in related financial transfers, with $1.7 billion flagged "moving from Chinese clients into digital wallets used by Iran to finance its proxies," including the Houthis.

Now here is why this is the reason Paul Atkins is going to be fired.

For the past year, the entire posture of the Trump SEC under Atkins has been to gut the very enforcement architecture that would have detected and deterred this exact pattern of conduct. The SEC dismissed its case against Binance with prejudice — never to be refiled — in May 2025, in a case that built directly on the 2023 Treasury action under which Binance "willfully failed to report" more than 100,000 suspicious transactions tied to sanctioned groups including Hamas's Al-Qassam Brigades, Palestinian Islamic Jihad, Al-Qaeda, and ISIS, plus matched trades with users in Iran, North Korea, Syria, and Crimea. Within hours of the dismissal, Binance's official corporate X account thanked the SEC Chairman by name: "Huge win for crypto today. The SEC's case against us is dismissed. Thank you to Chairman Atkins & the Trump team for pushing back against regulation by enforcement. U.S. innovation is back on track — and it's just the beginning." The world's largest cryptocurrency exchange — the same exchange whose Tether-on-Tron rails would, within months, be moving more than a billion dollars to Iran-linked entities — thanked Paul Atkins by name on the day his agency walked away. That post is still up.

Meanwhile, the SEC further dismissed cases against Coinbase, Kraken (Payward), Cumberland, Consensys, Dragonchain, and Balina, and dropped its appeal in Ripple. The SEC settled with Justin Sun in March 2026. The SEC also disbanded its Crypto Assets and Cyber Unit in February 2025, replacing it with a smaller Cyber and Emerging Technologies Unit comprising approximately 30 staff (down from 50).

The SEC issued a staff statement on April 13, 2026 explaining that operators of certain crypto wallet user interfaces — including the very providers servicing the wallets through which IRGC funds were moving — need not register as broker-dealers. And the SEC dropped all mention of crypto, digital assets, virtual currency, and blockchain from its 2026 examination priorities — the first such omission since 2018.

In September 2025, Binance was reportedly close to securing a deal with the DOJ to drop the very monitorship that Treasury has now demanded it comply with. That deal was on track. The administration was about to give Binance everything it wanted. In October 2025, Trump pardoned Changpeng Zhao, Binance's founder, in what former U.S. Pardon Attorney Elizabeth Oyer told CBS News' *60 Minutes* was "unprecedented corruption" — saying that "the influence that money played in securing this pardon is unprecedented" and that the president "appears to be selling off pieces of our democracy". Apparently, Binance had paid lobbyists approximately $800,000 to lobby for the pardon, and offered other lobbyists success fees of as much as $5 million if they could secure clemency. By every signal, the regulatory pressure on Binance was being lifted.

And then new reporting alleged that more than $1 billion in Iran-linked crypto had moved through Binance's Tether-on-Tron rails, landing just as Trump was stuck in an unpopular Iran war and a news cycle increasingly defined by his own reversals.

[It is important to note that Binance denies the sanctions-violation framing and has disputed some reporting, including by suing the Wall Street Journal over related claims. Reuters reported that Binance said the Journal's story was defamatory, while the WSJ said it stood by its reporting.]

Trump does not get fired by anyone. But Trump does fire the people who put him in the position of being asked the question: *Mr. President, why is the exchange you let off the hook moving money for the regime your son-in-law's friends are hiding from in bunkers?* And when that question gets asked by an angry press room — as it will, within weeks — Trump will need a body. The body will be Paul Atkins. Atkins is the regulator who dismissed Binance's case at the SEC, who handed crypto exchanges the policy victory of a generation, who declared blockchain the future of American finance, and who told the world — in his own March 24, 2026 Digital Asset Summit keynote — that the SEC's actions ensure "we are no longer the Securities and Everything Commission."

Trump will not say "I never should have pardoned CZ." Trump will say "Atkins assured me." That is how this goes.

And none of this is a partisan dispute. In September 2025 — three months before the Iran-Binance reporting broke — Sen. Cynthia Lummis (R-WY), the Senate's most prominent pro-crypto Republican, and Rep. French Hill (R-AR), the current Republican Chair of the House Financial Services Committee, jointly demanded in a letter to the Department of Justice that criminal charges be brought against Binance and Tether for facilitating sanctions evasion and the financing of Hamas, Hezbollah, and other terrorist organizations. "Let's get after Binance and Tether," Lummis said on the Senate Banking Committee floor. "We've got to prevent Hamas, Hezbollah, and other terrorist organisations from using digital assets, using cryptocurrency as a means to finance their activities." The most pro-crypto Republican in the United States Senate, joined by the sitting Republican Chair of the House committee that oversees the SEC, was on the record demanding Binance be criminally charged. Atkins's SEC dismissed the case anyway.

It is critical to understand that the SEC's complaint against Binance, despite being styled as a securities case, explicitly rested on Binance's deliberate evasion of U.S. regulations through *Know Your Customer* (KYC) manipulation — the same conduct that produced the AML/sanctions failures. The SEC's June 2023 complaint detailed how Binance steered U.S. customers to its offshore platform, falsified compliance representations, and built systems precisely designed to evade the controls that would have flagged Iran-linked, Hamas-linked, and IRGC-linked transactions. When Atkins dismissed that case with prejudice — meaning the SEC can never bring those claims again, on any facts, ever — he didn't just walk away from a securities-registration dispute. He walked away from the only remaining federal civil enforcement architecture that could discipline Binance's compliance posture in real time. Treasury's monitorship, as the May 8 letter now demonstrates, was being quietly wound down. The SEC's case was the last live hammer. Atkins put it down.

One final note: What makes this Reason #1 is the timing. The Binance/Treasury story broke this week. Operation Economic Fury is escalating, not deescalating. The DOJ probe is active. And the Senate Permanent Subcommittee on Investigations and the House Financial Services Committee are already in formal correspondence with the SEC over Atkins's enforcement posture. The fuse is lit, and Atkins has ignited the match himself.

Reason #2: Atkins Is Going To Post The Worst SEC Enforcement Numbers In Modern History This September, And Trump Does Not Tolerate People Who Print Bad Numbers

Fiscal Year 2025 ended September 30, 2025. Of the 56 enforcement actions involving public companies and subsidiaries, 52 (93%) were initiated under former SEC Chair Gary Gensler. **Only four** were initiated under the new SEC administration — Acting Chair Mark Uyeda and, after his April 21, 2025 swearing-in, Chair Atkins — the fewest such actions for an incoming chair since at least FY 2013. Total monetary settlements in public-company and subsidiary actions collapsed 45% to $808 million — the lowest figure since FY 2012 and "less than half of the FY 2016–FY 2024 average total monetary settlement of $1.9 billion". Standalone enforcement actions hit 313 by Cornerstone's count (the SEC's own April 7, 2026 report counted 303) — down 27% from FY 2024's 431 standalone actions and 38% from FY 2023's 501 — the lowest level of SEC enforcement in modern history.

The penalty math is even more damning when examined honestly. The SEC's April 7, 2026 release trumpeted $17.9 billion in total monetary relief — what it called a record — a number Atkins's defenders will inevitably cite. But the SEC's own footnotes admit that $14.9 billion of that figure came from a single judgment in the 2009 Stanford International Bank Ponzi scheme case — litigation that long predates Atkins's tenure. After excluding the Stanford judgment and certain "deemed satisfied" amounts the Commission acknowledges were paid through parallel criminal proceedings rather than SEC enforcement, the actual FY 2025 monetary relief obtained was $2.7 billion — $1.4 billion in disgorgement and $1.3 billion in civil penalties, an approximately 33% reduction year over year. The SEC's $17.9 billion headline, in other words, is a number designed to look impressive in a press release — and to fool exactly the kind of casual reader who skims, not the kind of reader who reads to the footnotes.

Even more revealing is what the same release disclosed for the first time in SEC history: 1,095 matters in which "potentially violative conduct was investigated and which were closed" without enforcement action in FY 2025. The Commission included this number to demonstrate it remains active behind the scenes. The arithmetic tells a different story. Against 303 standalone enforcement actions filed, the SEC closed nearly four times as many investigations as it pursued — a 3.6-to-1 ratio of cases dropped to cases brought. No prior SEC has ever published this number, almost certainly because no prior SEC's ratio has been this lopsided. The Atkins SEC is publishing it because it considers the closures a feature. They are, in fact, the iceberg below the waterline of the visible enforcement collapse.

At the same time, for the most prolonged stretch in the agency's modern history, the SEC withheld its annual enforcement statistics. The FY 2025 fiscal year ended September 30, 2025, but the Division of Enforcement did not release its results until April 7, 2026 — more than six months later, and roughly five months past the agency's customary November release window (FY2024 was released November 22, 2024; FY2023 on November 14, 2023; FY2022 on November 15, 2022). When the report did appear, it confirmed the lowest total enforcement count in at least 20 years, prompting Senator Elizabeth Warren — Ranking Member of the Senate Banking Committee — to formally accuse Chairman Atkins of misleading Congress, citing his February 12, 2026 testimony when he told the Committee he was "not sure what data" she was referencing about the enforcement decline.

Now consider what FY 2026 — which ends September 30, 2026 — is going to look like. Atkins has been Chairman for the entirety of it. The 18% personnel reduction documented by the Government Accountability Office — a departure of 871 employees over fiscal year 2025 — has cratered institutional capacity, and the Crypto Assets and Cyber Unit was reduced from 50 to 30 attorneys when it was cunningly "rebranded" as the Cyber and Emerging Technologies Unit ("CETU"). Multiple reports described the GAO's central conclusion bluntly: "the workforce changes SEC made in 2025 were significant and could pose risks to the agency's ability to fulfill its mission."

Even if the SEC wanted to reverse course, they may have rendered it impossible. The SEC Inspector General's recent "Statement on Management and Performance Challenges" documents the human capital hemorrhage: 13% of SEC staff departed in early 2025, with some offices losing 26%; FY 2025 attrition reached 17.8%, more than 5 times 2024; and contract staff declined 27%.

Behind the headline percentage, the composition of who walked out the door is worse than the topline. The GAO documented disproportionate losses in precisely the divisions that carry the SEC's enforcement weight: the Division of Investment Management lost 24% of its staff; Trading and Markets lost 22%; the Chief Accountant's office lost 23%; the Division of Enforcement itself lost 18%. And per the same GAO report, more than half of the SEC employees the GAO interviewed said the departing staff held "either unique knowledge from many years of experience or specific subject-matter expertise," producing — in GAO's own framing — a measurable depletion of institutional knowledge. Senior staff are the case engines of any enforcement program: the judgment, the settlement instincts, the trial scars, the institutional memory of how prior chairmen handled comparable fact patterns. When they leave, deterrence leaves with them.

Coupled with a hiring freeze, the enforcement division has been effectively hollowed out.

Crucially, the personnel collapse is not being treated as a temporary disruption — it is being formally encoded into next year's budget. The SEC's FY 2026 budget request to Congress, released earlier this year, requests a flat $2.149 billion in funding (the same as FY 2025) but seeks authorization for only 4,101 full-time-equivalent positions — a net reduction of 447 FTEs from FY 2025's authorized levels. The Enforcement Division specifically is budgeted for 1,178 FTEs in FY 2026, down approximately 17% from the 1,424 actual FTEs in FY 2024. The Atkins SEC is not budgeting for recovery. It is asking Congress to ratify the new, lower equilibrium. Even if Atkins were fired tomorrow, his successor would inherit an enforcement division that has been formally reduced — not just temporarily depleted — and would have to fight a new appropriations battle simply to restore the headcount that left.

Atkins has also revoked enforcement staff authority to open formal investigations without Commissioner approval — a March 2025 final rule reversing 15 years of delegated authority that previously allowed the Director of Enforcement to issue formal orders (and therefore to subpoena documents and testimony) without further Commission sign-off. The SEC Enforcement Director resigned effective immediately on March 16, 2026. The Atkins SEC has issued staff statements expanding categories of activity it will not regulate (April 13, 2026 Wallet User Interface statement; March 17, 2026 Crypto Asset Taxonomy interpretation), while bringing no major affirmative cases against systemically significant market participants — no

comparable analogue to the off-channel-communications sweeps, the recordkeeping enforcement waves, or the major-bank disclosure cases that defined the prior decade of SEC enforcement output. The SEC's own April 7 release explicitly disavowed the prior administration's 95 off-channel-communications actions and $2.3 billion in associated penalties as a "misinterpretation of the federal securities laws" — and zero off-channel-communications cases have been brought in the entire first half of FY 2026.

The retreat extends to examinations as well. On November 17, 2025, the SEC's Division of Examinations released its FY 2026 priorities — the document that signals to registered firms what compliance areas the agency will scrutinize. For the first time since 2018, the priorities contain no mention of crypto assets, digital assets, virtual currency, or blockchain anywhere in the document — not in the standalone categories, not in the AML section, not even in the section on emerging financial technology. Atkins's framing of this shift, delivered in an October 7, 2025 keynote at Fordham Law School: "examinations should not be a 'gotcha' game." Translation: examinations will produce no findings, because the agency is not looking.

The numbers, when FY 2026 lands in October 2026, are going to be apocalyptic. The first six months of FY 2026 — Atkins's first full half-year as Chairman — already foreshadow what is coming. Per King & Spalding's analysis of the SEC's own publicly filed enforcement actions through March 31, 2026, the Commission filed only 60 standalone enforcement actions in the first six months of FY 2026 — a pace that, even if it merely held steady (rather than further declining), would project to roughly 120 standalone actions for the full fiscal year. That would represent a 62% decline from FY 2025's already-historic 313 and a 72% decline from FY 2024's 431 — meaning, by an order of magnitude, the lowest level of SEC enforcement activity in the agency's modern history. King & Spalding itself notes that the Enforcement Division "lost 18% of its workforce during FY 2025, including many senior, experienced attorneys and accountants," and that no FCPA cases were brought in the first half of FY 2026, continuing a trend of vanished foreign-bribery enforcement that began in the second half of FY 2025.

Atkins's defenders will note — and King & Spalding itself acknowledges — that FY 2026 began with a 43-day federal government shutdown that delayed new filings and rippled through pending investigations. That defense fails on two fronts. First, the trajectory was already collapsing pre-shutdown: the second half of FY 2025 saw what the Brattle Group called "an unprecedented decline in enforcement activity" — months before the shutdown began. Second, even granting the shutdown's effect entirely, the agency had five and a half months of normal operations in H1 FY 2026 in which to bring more than 60 cases. It did not. The shutdown is an accelerant. The fire was lit before October.

Along the same lines, the defense that "every new administration brings an enforcement slowdown" does not survive contact with the historical record. Jay Clayton — the first Trump SEC chair, also a Republican deregulator who explicitly campaigned against "regulation by enforcement" — took office in May 2017. In Clayton's transition fiscal year, the SEC brought 754 total enforcement actions, including 446 standalone actions. In Clayton's first full year as Chair, FY 2018, the SEC brought 821 total enforcement actions, a 9% increase — including 38% more securities-offering fraud cases, 38% more investment-adviser cases, and 24% more insider trading cases. Atkins's FY 2025 — also a transition year — produced 303 standalone

actions, 32% below Clayton's transition number. Atkins's FY 2026 first-half pace projects to roughly 120 full-year standalone actions, 73% below Clayton's first full year. What is happening at the SEC under Atkins is not a Republican administration recalibrating enforcement priorities. It is something the Republican SEC of Jay Clayton would not have recognized.

Even the SEC itself, in its April 7, 2026, release, inadvertently confessed why the next two years of enforcement numbers are already determined. The Commission noted that fraud cases — the cases Atkins claims to be prioritizing — "inherently require more time and resources to develop and bring, often requiring up to two or more years to manifest results." That is a defense; it is also an admission. The investigation pipeline opened during FY 2025–2026 — under hiring freezes, an 18% workforce contraction, the Director of Enforcement's resignation, and the rescission of the Enforcement Division's authority to open formal investigations without Commission sign-off — is the pipeline that will determine FY 2027 and FY 2028 enforcement output. Even a hypothetical course-correction in 2026 would not move the numbers visible to voters before 2028. The drought is locked in for the duration.

The penalty collections will be similarly unprecedented. The case mix will be visibly skewed toward small-time fraud and Ponzi schemes that nobody outside the agency cares about — which is, in fact, exactly the reorientation the SEC's April 7, 2026 release expressly embraced. Atkins, in his own statement accompanying the release, declared that the Commission had "redirected resources toward the types of misconduct that inflict the greatest harm — particularly fraud, market manipulation, and abuses of trust — and away from approaches that prioritized volume and record-setting penalties."

The cases the April 7, 2026 release showcased as exemplars — a $400 million Ponzi scheme out of Pennsylvania (Paramount Management Group), a $140 million Ponzi out of Georgia (First Liberty Building & Loan), a $60 million real-estate fraud out of New York (Nightingale Properties) — confirm the pivot. Meanwhile, the systemically significant cases that protect retail investors from corporate misconduct will simply not exist. In FY 2025, SEC enforcement didn’t slow down. It flatlined.

For defrauded retail investors, for whistleblowers who risked careers, for compliance officers trying to do the right thing -- the SEC's retreat isn't abstract policy or the usual "pendulum swing." It's abandonment.

The vacuum is so visible that state attorneys general have begun trying to fill it. In October 2025, a coalition of 21 state attorneys general sent a joint comment letter to the SEC urging clearer rules in the absence of federal enforcement. New York Attorney General Letitia James has begun deploying New York's Martin Act — which permits insider trading prosecution without proof of intent — to pursue cases the SEC will not. California Attorney General Rob Bonta in April 2025 announced that California would enforce Foreign Corrupt Practices Act violations under California's Unfair Competition Law following Trump's February 10, 2025 executive order pausing federal FCPA enforcement. When the federal securities cop walks off the beat, fifty smaller cops with patchwork jurisdiction try to cover the corner. They cannot replace what the SEC was, and the investing public knows it.

For financial industry players who rely on deterrence to maintain market integrity, the pattern is familiar, and a reckoning becomes far more likely. History suggests that when deterrence collapses, misconduct expands — and the odds of a market rupture rise. Just consider the enforcement pullbacks of 2006–2007, which preceded the largest financial crisis since the Depression.

Of course, the Atkins team will argue this reflects a philosophical shift toward 'regulation by guidance' rather than 'regulation by enforcement.' But guidance without a credible enforcement threat is just polite suggestion.

The hobnail boots of yesteryear have been replaced by an Atkinsonian invisibility cloak, and while Trump may not read enforcement reports, he does read chyrons. And on the morning of October 2026, the chyron will be: *SEC Enforcement Hits Lowest Level in 20 Years.* Maxine Waters and Elizabeth Warren will spend the day on cable news. Elizabeth Warren will release a letter — she has already done so once, in April 2026. Sherrod Brown will be brought back onto MSNBC. The Wall Street Journal editorial board — which has been nominally supportive — will write a "to be sure" piece. The New York Times will write a longform feature. The Atlantic will run a 12,000-word indictment. And it will all land four to six weeks before the midterms.

Trump fires people who hand his opponents free political ammunition right before an election. Atkins will be handing them an arsenal. The numbers are not avoidable. They are baked in. Atkins cannot generate enforcement actions out of thin air in the final quarter — and even if he tried, the cases would be visibly and embarrassingly thin. He is going to be the SEC chair who set a 20-year low in the agency's mission performance. That is not a survivable record.

Reason #3: Atkins Is Running The Exact Deregulatory Playbook That Has Preceded Every Major Financial Crisis In Modern American History, And Trump Does Not Want To Be The President Who Owns The Next One

There is a pattern, and it is not subtle. Garn-St. Germain Depository Institutions Act of 1982 → Savings & Loan crisis. Repeal of Glass-Steagall in 1999 → 2008 financial crisis. The 2004 SEC "consolidated supervised entities" rule that relaxed broker-dealer net capital requirements — a rule Paul Atkins, then a Commissioner, voted for — preceded the collapse of Bear Stearns and Lehman Brothers by four years and "broke Wall Street" at the time. The Commodity Futures Modernization Act of 2000 paved the way for the credit derivatives meltdown that detonated in 2008.

Each time, the deregulatory wave was sold to the public as "modernization," "innovation," "competitiveness." Each time, the predictable disaster followed. Each time, the regulators who presided over the deregulation found their reputations buried under the rubble. This is the playbook Atkins is running right now, in real time, and at a velocity that has alarmed even sober institutional voices.

In just eight pages, on June 12, 2025, the Atkins SEC formally withdrew **fourteen** proposed rules — every one of which had been on the SEC's Fall 2024 regulatory agenda — covering proposals originally issued between October 2020 and November 2023. The full list:

1. **Substantial Implementation, Duplication, and Resubmission of Shareholder Proposals Under Exchange Act Rule 14a-8** (proposed July 27, 2022) — would have amended the substantive bases for excluding shareholder proposals from corporate proxy statements.

2. **Conflicts of Interest Associated with the Use of Predictive Data Analytics by Broker-Dealers and Investment Advisers** (proposed Aug. 9, 2023) — would have addressed how broker-dealers and advisers use AI and predictive analytics in interactions with retail investors and required mitigation of resulting conflicts of interest.

3. **Safeguarding Advisory Client Assets** (proposed Mar. 9, 2023) — would have replaced and expanded the existing custody rule to require enhanced protections for client assets held by investment advisers, including crypto assets.

4. **Cybersecurity Risk Management for Investment Advisers, Registered Investment Companies, and Business Development Companies** (proposed Mar. 9, 2022) — would have required registered advisers and funds to adopt written cybersecurity policies, disclose cybersecurity risks and incidents to investors, and report significant incidents confidentially to the SEC.

5. **Enhanced Disclosures by Certain Investment Advisers and Investment Companies About Environmental, Social, and Governance Investment Practices** (proposed June 17, 2022) — would have required advisers and funds offering ESG-labeled products to make standardized disclosures about how those labels are applied.

6. **Outsourcing by Investment Advisers** (proposed Nov. 16, 2022) — would have prohibited advisers from outsourcing certain "covered" services to third-party providers without due diligence and ongoing oversight.

7. **Position Reporting of Large Security-Based Swap Positions** — proposed Rule 10B-1 (originally proposed Feb. 4, 2022; comment period reopened June 26, 2023) — would have required prompt disclosure of large security-based swap positions exceeding statutory thresholds, a Dodd-Frank Section 763(h) implementation.

8. **Volume-Based Exchange Transaction Pricing for NMS Stocks** (proposed Nov. 6, 2023) — would have prohibited national securities exchanges from offering volume-based transaction pricing on agency-related orders in NMS stocks, addressing what the Gensler SEC viewed as competitive distortions favoring large brokers.

9. **Regulation Best Execution** (proposed Jan. 27, 2023) — would have established a new SEC-level best execution standard for broker-dealers, with detailed policies and procedures requirements for retail customer transactions.

10. **Order Competition Rule** (proposed Jan. 3, 2023) — would have required marketable retail orders in NMS stocks to be exposed to competition in qualified auctions before being internally executed by wholesalers — a direct response to payment-for-order-flow and retail-execution-quality concerns.

11. **Regulation Systems Compliance and Integrity (Reg SCI) Amendments** (proposed Apr. 14, 2023) — would have expanded the universe of "SCI entities" subject to the regulation to include additional clearing agencies, larger broker-dealers, and security-based swap data repositories.
12. **Cybersecurity Risk Management Rule for Broker-Dealers, Clearing Agencies, Major Security-Based Swap Participants, the MSRB, National Securities Associations, National Securities Exchanges, Security-Based Swap Data Repositories, Security-Based Swap Dealers, and Transfer Agents** (proposed Apr. 5, 2023) — the broker-dealer/market-infrastructure analogue to the adviser cybersecurity rule, requiring cybersecurity policies, immediate SEC notification of significant incidents, and public disclosure obligations.
13. **Amendments Regarding the Definition of "Exchange" and Alternative Trading Systems (ATSs) That Trade U.S. Treasury and Agency Securities, NMS Stocks, and Other Securities** (proposed Mar. 18, 2022) — would have brought communication-protocol and "request-for-quote" systems within the statutory definition of "exchange" under Exchange Act §3(a)(1), and tightened ATS regulation for Treasury and agency securities.
14. **Amendments to the National Market System Plan Governing the Consolidated Audit Trail (CAT) to Enhance Data Security** (proposed Oct. 16, 2020) — would have strengthened cybersecurity protections around the Consolidated Audit Trail, the SEC's massive cross-market surveillance database.

That is one withdrawal action covering 14 rules, in a single eight-page Federal Register notice. It is the most concentrated regulatory abandonment in SEC history.

But that was just the start.

The Atkins SEC has further extended the compliance deadline for amended Form PF — the systemic-risk reporting form filed by hedge funds and private equity advisers — citing in Atkins's own words "serious concerns whether the government's use of this data" justifies the "massive burdens it imposes." On August 7, 2025, President Trump signed Executive Order 14330, "Democratizing Access to Alternative Assets for 401(k) Investors," directing the Department of Labor, Treasury, and SEC to open America's roughly $13 trillion in defined-contribution retirement plans — including the $8.7 trillion held in 401(k) plans — to private equity, private credit, real estate, hedge funds, infrastructure, and digital assets including cryptocurrencies — for the first time in the history of ERISA, increasing risk to unprecedented levels. Five days later, on August 12, 2025, the Department of Labor rescinded its 2021 Supplemental Private Equity Statement, which had cautioned that most plan fiduciaries were "not likely suited to evaluate the use of PE investments" in designated alternatives in individual account plans.

On September 17, 2025, the SEC voted 3–1 to issue a policy statement reversing the agency's longstanding position disfavoring mandatory arbitration provisions in the governance documents of public companies — meaning that, going forward, the presence of an issuer-investor mandatory arbitration provision will not, by itself, prevent the SEC from accelerating the effectiveness of an issuer's registration statement. Atkins called it the "first step" of his goal

to "make IPOs great again" — meaning, in plain English, that public companies can now strip retail investors of their right to a jury trial for federal securities violations and the SEC will not stand in the way.

On January 7, 2026, the SEC proposed amendments to the "small entity" definitions under the Regulatory Flexibility Act that would raise the assets-under-management threshold for registered investment advisers from $25 million to $1 billion— a forty-fold increase that would, by the SEC's own estimate, recategorize approximately 75% of the agency's roughly 21,650 registered investment advisers and exempt reporting advisers as "small entities." The category covers entities that, under the RFA, receive softer regulatory treatment in cost-benefit analyses and rulemaking. By a single stroke of a regulatory pen, three out of every four investment advisers in America would be reclassified into the regulatory "small business" tier — a tier that exists, in significant part, to limit the SEC's ability to impose meaningful regulatory burdens.

Combine these five things in a single sentence and the scale of what Atkins has done becomes visible: the Atkins SEC has, in less than fourteen months, abandoned fourteen rules covering everything from custody of client assets to cybersecurity to ESG disclosure to the definition of an exchange; gutted Form PF; opened defined-contribution retirement plans to private equity, hedge funds, and crypto; reversed the agency's position on mandatory arbitration so that retail investors can be denied access to federal courts; and proposed to recategorize 75% of the registered investment adviser industry into a regulatory tier designed for small businesses. *In fourteen months*.

On May 19, 2025 — three weeks before the 14-rule withdrawal hit the Federal Register — Caroline Crenshaw, the SEC's sole Democratic Commissioner, stood at the SEC's own SEC Speaks conference and named what was happening. "We are playing a game of regulatory Jenga," she said. "How many blocks can you pull before the tower gives way?" She cited the bipartisan Financial Crisis Inquiry Commission's finding that the 2008 crisis had been "avoidable and the result of human action and inaction." She told the audience: "I don't want us to suffer the same fate." Three weeks later, the Atkins SEC pulled fourteen blocks at once.

Five months later, on October 21, 2025, the Governor of the Bank of England — who is also the Chair of the Financial Stability Board — testified to the House of Lords that the dynamics now visible in the U.S. private credit market were producing the same "alarm bells" he heard before 2008, and added that, in the run-up to that crisis, "people were telling us: 'No, it's too small to be systemic, it's idiosyncratic' ...that was the wrong call." Two weeks before that testimony, Paul Atkins had told a Managed Funds Association conference in New York that private credit "is not a systemic risk." The SEC's own dissenting Commissioner has said it. The Bank of England's Governor has said it. The Financial Stability Board has said it in a sixty-page report. The only person who hasn't said it is the chairman whose name is going to be welded to the wreckage.

Every prior deregulatory wave of this degree has been followed, within five to ten years, by a financial crisis that ended someone's career. Garn-St. Germain ended a generation of S&L regulators. The CFMA and Glass-Steagall repeal ended Alan Greenspan's reputation for

prescience. Atkins's own 2004 net-capital relaxation -- which Cox inherited as Chairman -- ended Christopher Cox's tenure as SEC chair in disgrace.

The pattern is well known to anyone who watches Trump operate: when there is a political problem, Trump finds the person whose name is most directly attached to it and severs ties with prejudice. Atkins's name is now attached to the most concentrated deregulatory wave in SEC history. When the next blowup arrives — and one will arrive, on the timeline these blowups always arrive on — Trump will not want to be the president whose Treasury Secretary, Labor Secretary, and SEC Chairman jointly authored the conditions for it. He will need a name. The name will be Atkins.

Reason #4: Systemic Risk Is Brewing In Private Credit, And The Fuse Is Atkins's Own Hand

Of all the failures Atkins is incubating, the one most likely to detonate within his remaining tenure is the private credit market.

Begin with the scale. The US private credit market grew from approximately $46 billion in 2000 to roughly $1 trillion by 2023, while the global market has expanded rapidly to an estimated $1.5–$2 trillion in assets at end-2024 per the Financial Stability Board. Some industry surveys put global AUM at $3.5 trillion when broader definitions are applied, and corporate direct lending alone is projected to exceed $2 trillion in 2026 with growth toward $4 trillion by the end of the decade.

The market is dominated by the United States, followed by the eurozone and the UK. Private credit has grown almost entirely outside the perimeter of bank-style prudential supervision: in 2008, banks held the majority of corporate loans on their balance sheets and were subject to stress tests, capital rules, and customer-protection regimes; by 2025–2026, non-banks account for nearly half of newly issued corporate loans, up from just over 30% during the global financial crisis, with little to no regulation under the Bank Secrecy Act, Basel capital frameworks, or any reporting regime remotely comparable to what banks face.

What makes private credit dangerous is what makes it grow: opacity. Loans almost never trade. Valuations are quarterly, model-based, and frequently subjective. Covenant-lite documentation now dominates new lending — replacing maintenance covenants that warn of distress with looser "incurrence" covenants that allow distress to compound. Payment-in-kind income lets borrowers defer interest indefinitely, and PIK usage has been rising — a development the FSB explicitly flagged as a sign of borrower stress. NAV-based lending lets fund-level leverage be layered on top of company-level leverage. And private letter ratings — provided by smaller agencies under commercial pressure to assign favorable scores — have been taking share from Moody's, S&P, and Fitch, a development the FSB flagged as warranting monitoring because of the growing use of private ratings, sometimes from lesser-known providers.

The poster child for the problem is Egan-Jones Ratings Co., which rated more than 3,000 private credit investments in 2025 with about 20 analysts — roughly 150 ratings per analyst per year, or one every business day — and is under active SEC investigation over whether the firm and its

senior executives have exerted improper commercial influence on its ratings procedures. Egan-Jones founder Sean Egan was already barred from rating decisions and fined $2 million in a 2022 SEC settlement. On March 24, 2026, the SEC publicly stated that the firm's application to resume rating government debt "raises questions about the adequacy of EJR's financial and managerial resources to consistently produce credit ratings with integrity." Companies including Chicken Soup for the Soul and Crown Holdings defaulted within weeks of receiving investment-grade ratings from the firm. This is the AAA-rated-subprime-CDO of 2026: a small NRSRO grading thousands of opaque loans for commercial clients, the grades flowing directly into the regulatory capital calculations of the life insurers and BDCs holding the paper.

The IMF, in its April 2024 Global Financial Stability Report and reaffirmed in its October 2025 GFSR, identified five specific systemic vulnerabilities in private credit: fragile borrowers, semi-liquid investment vehicles, multiple layers of leverage, stale and subjective valuations, and unclear interconnections among participants. The Financial Stability Board, in its May 6, 2026 deep-dive report, explicitly warned that the sector is untested in a prolonged economic downturn and that its complexity, leverage, and interconnectedness could amplify stress in adverse scenarios, posing broader risks to financial stability. The FSB's most quietly damning datum, buried on page 19 of the report: five large asset management groups account for about one-third of aggregate loan commitments across the entire private credit and private equity industry. Retail share of private credit AUM has climbed from virtually zero to roughly 13% in the past decade. Borrowers are concentrated around a single-B credit rating, with approximately 75% having EBITDA below $100 million— and reported debt-to-EBITDA of 5–6x is, in UBS's own analysis cited by the FSB, closer to 7x once routine EBITDA add-backs are stripped out. Five firms hold a third of the market. Borrowers are single-B-rated middle-market companies levered seven turns. Retail is now 13% of the buyer base. This is not a diversified asset class. It is a concentrated bet on a single grade of corporate credit, made in the dark, marketed to people whose retirement depends on it.

The contagion mechanism most likely to reach ordinary Americans is not the BDC and not the 401(k) — those will arrive in time. It is the life insurance industry, and specifically the fixed annuity. The Federal Reserve's own staff, in a March 21, 2025 FEDS Note, found that life insurers' direct and indirect exposure to below-investment-grade corporate debt now exceeds the industry's exposure to subprime residential mortgage-backed securities in late 2007 — and that insurers' wholesale funding levels are near 2007 levels, shortly before the industry experienced runs on its non-traditional funding structures. The numbers behind that finding are now larger still: a Barclays analysis cited by the Financial Times in April 2026 found that private credit assets held by US life insurers grew more than a fifth in 2025, reaching roughly 10% of total assets — and more than 15% for private-equity-owned insurers like Apollo's Athene and KKR's Global Atlantic. The NAIC reported US life insurers' allocation to private credit and alternative fixed income reached 18% of general account assets in 2025, up from 12% in 2020. Athene alone manages over $300 billion and deployed $45 billion into private credit and asset-based finance in 2025. Insurance company borrowings from the Federal Home Loan Banks — a quasi-governmental funding channel originally designed for housing — hit a record $177.8 billion in 2025, with insurers using "spread investing" programs to recycle the cheap advances into higher-yielding private credit.

Andrew Milgram of Marblegate Asset Management told Axios on April 3, 2026 that the exposure individual retirees have through their annuities is "a big problem." Hans De Cuyper,

CEO of Ageas SA, told Bloomberg on May 8, 2026 that he sees "echoes of the global financial crisis" in life insurer exposure to private credit. The translation, in plain English: ordinary Americans hand life insurers their savings in exchange for a guaranteed retirement check; the insurer turns around and invests that money in opaque, model-priced, Egan-Jones-rated private credit loans; when those loans fail, the retiree's check is at risk. That is the mechanism through which a private credit blowup reaches the kitchen table — and it is already loaded.

The interconnections are the part everyone misses. US banks' total lending to non-depository financial institutions surpassed $1 trillion by mid-2025 — and reached $1.2 trillion as of June 2025 — and, by Q4 2025, individual bank exposures had risen sharply: JPMorgan Chase held $237.85 billion in NDFI loans, Wells Fargo $212.13 billion, with the largest banks — those with assets over $500 billion — accounting for roughly 68% of total NDFI lending. Of that total, bank lending specifically to private credit funds was estimated by Moody's at approximately $300 billion as of June 2025, with the top five lenders being Wells Fargo at $59.7 billion, Bank of America at $33.2 billion, PNC at $29.5 billion, Citigroup at $25.8 billion, and JPMorgan Chase at $22.2 billion. European bank exposures disclosed during the fall 2025 and Q1 2026 earnings seasons are equally significant: Barclays at roughly $20 billion, Deutsche Bank at about $30 billion(about 2% of total loans), and BNP Paribas at $25 billion (about 3% of total loans). The FSB's own data captures roughly $220 billion of drawn and undrawn bank credit lines to private credit funds globally, while commercial estimates of the figure range from $270 to $500 billion — a range the FSB itself describes as illustrating the data challenges in the sector.

Banks have moved from being the primary lenders to being the lenders to the lenders — meaning the credit risk has migrated, but the bank exposure has not. The Federal Reserve Bank of Boston made this point explicitly in a May 2025 Working Paper, finding that "banks retain indirect exposure to the credit risk of private credit loans even though they do not directly originate or hold those loans." And the Federal Reserve and Treasury have been jointly questioning banks and insurers about private credit exposures since approximately April 2026 — described in industry reporting as "one of the strongest signals yet that US regulators are working to get a handle on the scale of the strains in private credit."

The interconnections run a layer deeper still. Banks have spent the past several years using synthetic risk transfers (SRTs) — credit-linked notes and credit default swaps — to offload credit risk on pools of corporate loans onto private credit funds. Per the FSB's May 6, 2026, deep-dive report, private credit funds are now the largest single buyer of SRT instruments in Europe. But many of those same private credit funds are themselves financed by bank credit lines and repo facilities — sometimes from the same banks selling them the synthetic risk. The FSB describes the result as "circles of risk": credit risk that the bank believed it had transferred returns to its balance sheet as counterparty exposure to a fund it is funding. This is the same structural feature that turned AIG's CDS portfolio into the most expensive bailout in American history in 2008 — risk that "left" one balance sheet didn't actually leave the system; it just changed addresses. The FSB is naming the dynamic openly. Atkins, whose Form PF gutting actively reduces the data needed to monitor exactly this loop, is not.

Along these lines, the Federal Reserve has been actively asking major US banks for details about their exposure to private credit firms following a surge in redemptions and rising troubled loans, which means the May 2025 Working Paper is now being read as the early warning that the Fed itself is now operationalizing.

Simply stated, the cracks are already visible — and they are no longer hypothetical.

In September 2025, Tricolor Holdings — a Dallas-based subprime auto lender that had grown to become the seventh-largest independent used-car chain in the United States — collapsed and filed for Chapter 7 liquidation on September 10, 2025. Federal prosecutors charged founder/CEO Daniel Chu and COO David Goodgame in December 2025 with running a Continuing Financial Crimes Enterprise that allegedly double-pledged approximately $800 million in collateral, with the indictment alleging the company pledged roughly $2.2 billion in collateral while actually holding only $1.4 billion. JPMorgan disclosed a $170 million charge-off; Fifth Third Bancorp recorded a $178–200 million impairment; Zions Bancorporation wrote off approximately $50 million (see flag); Origin Bank disclosed $30 million; and Barclays also disclosed material exposure. The DOJ opened a fraud investigation; a court-appointed Chapter 7 trustee told the court in October 2025 that there had been pervasive fraud of extraordinary proportion.

Eighteen days later, on September 28, 2025, First Brands Group — an Ohio-based auto-parts maker behind FRAM filters, TRICO wipers, Raybestos brakes, and Autolite spark plugs — filed for Chapter 11 bankruptcy with $10 to $50 billion in liabilities against $1 to $10 billion in assets. First Brands' bankruptcy filings disclosed $6.1 billion of on-balance-sheet debt — including roughly $5.3 billion of broadly syndicated dollar- and euro-denominated term loans — plus $2.3 billion in third-party factoring and $800 million in unsecured supply-chain finance off-balance-sheet. Court filings indicate that approximately $2.3 billion in funds is unaccounted for, with creditors alleging that the company double-pledged trade receivables to multiple lenders — a structure described in Examiner filings as involving fabricated invoices and missing funds. UBS disclosed exposure of more than $500 million through its O'Connor hedge fund unit — and announced it would wind down the affected O'Connor funds entirely. Jefferies disclosed $715 million in exposure through its Leucadia Asset Management / Point Bonita Capital invoice-financing unit.

Onset Financial reported approximately $1.9 billion in master lease obligations, and Bank of America, SouthState Bank, and a Norinchukin/Mitsui joint venture had additional exposure. On January 29, 2026, former CEO Patrick James and his brother Edward James were indicted on federal fraud charges for inflating receivables, falsifying payments, and hiding liabilities from lenders. Apollo had reportedly been shorting First Brands' debt before the bankruptcy filing. By late September 2025, when the company filed Chapter 11, the first-lien debt had plunged from the mid-90s to roughly 30 cents on the dollar, and the second-lien to under 10 cents. By early December 2025, the first-lien was trading at 5 to 7.5 cents, and even the $1.1 billion debtor-in-possession "super-senior" loan — supposed to sit first in line for repayment — had cratered from par to roughly 30 cents in a span bankruptcy specialists called "virtually unprecedented."

Next, the retail private-credit funds — the same vehicles being teed up to receive 401(k) money under the Trump administration's August 7, 2025 executive order — began running for the exits. Per Financial Times reporting cited by industry trackers, US private credit investors filed $20.8 billion in redemption requests in the first quarter of 2026 alone, and the non-traded BDC sector recorded its first-ever net outflow since the structure was created. On February 19, 2026, Blue Owl Capital announced it was permanently restricting redemptions from its $1.6 billion OBDC II retail-focused private credit fund — and by early March 2026 was forced into a liquidation plan returning only 30% of capital to investors over a 45-day window, in a move

critics labeled a "slow-motion bankruptcy." Blue Owl's two larger non-traded BDCs received still-bigger redemption pressure: investors asked to withdraw 21.9% of shares in the $36 billion Blue Owl Credit Income Corp. and 40.7% of shares in the $6 billion Blue Owl Technology Income Corp. — totaling roughly $5.4 billion in a single quarter — and the firm capped each at the regulatory 5% minimum.

Apollo's $25.1 billion Apollo Debt Solutions BDC received Q1 2026 requests to repurchase 11.2% of outstanding shares, more than double the fund's 5% quarterly cap; each redeeming investor received only about 45% of the capital they had asked for. Cliffwater LLC's flagship $33 billion private credit interval fund — the second-largest retail-targeted private credit vehicle in the country — received redemption requests of 14% in Q1 2026, capped withdrawals at 7%, and saw S&P cut its outlook to negative. A Wall Street Journal investigation of the Cliffwater fund found over 3,600 individual holdings, including ownership stakes in *other* private credit funds — black boxes inside black boxes, a structure functionally indistinguishable from the CDO-squared transactions that detonated in 2008. Blackstone's $82.5 billion BCRED received approximately $3.8 billion in redemption requests (7.9% of assets — the largest single quarter of redemption pressure in the fund's history) and took the extraordinary step of injecting $400 million combined from the firm and its employees — $250 million in firm capital plus $150 million in employee capital — to satisfy 100% of requests and avoid imposing a gate. When a firm's general partners and senior employees have to write a personal check to keep their own retail fund from gating, that is not a vote of confidence.

What makes the BDC stress especially damning for Paul Atkins personally is that BDCs are *his* statutory turf. Business Development Companies are registered under the Investment Company Act of 1940 and supervised by the SEC's Division of Investment Management — they are not unregulated shadow finance, they are SEC registrants whose filings he controls. And the Q1 2026 numbers from his own registrants are catastrophic. BlackRock TCP Capital saw its NAV plummet 50% in a single year, with non-accruals reaching 4% of portfolio. Sixth Street Specialty Lending cut its dividend from 46 to 42 cents on May 5, 2026, citing credit spread widening and declining valuations. Golub Capital cut its dividend 15%, with analysts forecasting another 10–20% cut to come. Palmer Square BDC's NAV fell from $14.85 to $13.30 in a single quarter. The Cliffwater BDC Index sat at 80.5% of book value in late March 2026 — meaning the public market doesn't trust the marks. And a maturity wall is bearing down: 23 of 32 rated BDCs have unsecured debt maturing in 2026 totaling $12.7 billion, a 73% increase over 2025. Atkins is the regulator with direct authority over these vehicles. They are running their first-ever sector-wide net outflows. They are cutting dividends. They are trading at 80 cents on the dollar of book. Their largest sector exposure (software) is being publicly downgraded to a "SaaSpocalypse." And the chairman tells the press the building is structurally sound.

The most telling signal that the smart money is positioning for a real blow-up arrived on April 13, 2026, when S&P Global launched the CDX Financials Index (FINDX) — the first-ever standardized credit-default-swap benchmark to include private credit fund managers as constituents. Banks distributing the product include JPMorgan, Bank of America, Barclays, Deutsche Bank, Goldman Sachs, Morgan Stanley, and Royal Bank of Canada; private credit fund managers (Blackstone, Apollo, Ares, Carlyle, Blue Owl) account for roughly 12% of the index. Within days of the launch, JPMorgan, Barclays, Morgan Stanley, and Citigroup began trading single-name CDS contracts directly on Blackstone's BCRED, Apollo Debt Solutions, and Ares Management funds. The historical analogy writes itself. In 2007, the launch and rapid trading of

the ABX subprime mortgage index — the first standardized way to short subprime exposure — is now considered a key inflection point of the 2008 crisis: the moment the smart money manufactured the instruments that would let it bet against the structures retail money was being herded into. The CDX Financials Index is the same instrument, for the same purpose, with the same constituency, twenty years later. The largest banks lending money *to* private credit are now also the largest counterparties shorting it. That is not a vote of confidence in the asset class. That is a hedge against a bonfire.

Jamie Dimon's warning came after Tricolor and First Brands, in his October 14, 2025 commentary alongside JPMorgan's Q3 2025 earnings: "there clearly was, in my opinion, fraud involved in a bunch of these things … I probably shouldn't say this, but when you see one cockroach, there are probably more." Bank of England Governor Andrew Bailey, testifying before the House of Lords Financial Services Regulation Committee on October 21, 2025, warned that "alarm bells" were ringing in the private credit market and that the collapses of First Brands and Tricolor could be "the canary in the coalmine," explicitly drawing comparisons to the slicing-and-tranching of subprime debt that preceded 2008: "if you were involved before the financial crisis then alarm bells start going off at that point."

Deputy Governor Sarah Breeden, appearing alongside Bailey, said: "We can see the vulnerabilities here, the opacity, the leverage, the weak underwriting standards, the interconnections. We can see parallels with the global financial crisis. What we don't know is how macro-significant those issues are". On Bailey's instruction, the Bank of England is now conducting a "system-wide exploratory scenario" — i.e., a stress test — on the entire UK private credit market. On December 4, 2025, U.S. Senators Elizabeth Warren and Jack Reed sent a formal letter to the heads of the Federal Reserve, FDIC, and OCC urging immediate action on private credit risk and citing both Tricolor and First Brands by name.

And what has Paul Atkins done?

He has done exactly what he did the last time he sat at the Commission — only this time at scale, and this time in the express face of every stability body warning him not to. On July 14, 2004, then-Commissioner Paul Atkins voted *against* the SEC's proposal to require hedge fund advisers to register under the Advisers Act, reading a dissent in which he warned the agency was "setting off at a frenetic pace down the road of regulatory overreaction." That same year, he voted *for* the consolidated supervised entities net-capital rule that later "broke Wall Street" and accelerated the collapse of Bear Stearns and Lehman. In 2009, after leaving the SEC, he founded Patomak Global Partners — a regulatory consultancy whose disclosed client base has included private equity firms, hedge funds, asset managers, insurers, FTX, Goldman Sachs, and Fidelity — and ran it for sixteen years before selling his stake for between $25 million and $50 million in July 2025. Patomak's post-Atkins supervisory board, announced April 22, 2025, is chaired by former SEC Chairman Richard Breeden and includes Randal Quarles — a former Carlyle Group partner who helped lead the firm's Financial Services Fund complex, and former Vice Chair for Supervision at the Federal Reserve. The consultancy Atkins built and just sold is, in other words, now run by a Carlyle private-credit veteran, while Atkins regulates the private credit market that funds Carlyle. None of this is illegal. All of it is in the public record. And it explains, in a way nothing else does, why Atkins's deregulatory posture toward private credit is not an abstract policy preference but a position he has held — and consulted on — for two decades.

Along these lines, Atkins has gutted Form PF — the single regulatory window through which the Financial Stability Oversight Council monitors the systemic risks accumulating in this exact market. The 2024 Form PF amendments were specifically designed to give FSOC granular visibility into private credit funds, a category that, in the SEC's own language, "were not a distinct asset class when the original Form PF was adopted in 2010." The Atkins SEC delayed the amendments three times — a pattern publicly criticized by Commissioner Caroline Crenshaw, who expressed serious concerns that reconsidering the new Form PF by extending the compliance date ignores prior Commission decisions, bypasses proper rulemaking, and coincides with efforts to open markets to retail investors while limiting access to critical risk data.

Specifically, in April 2026, the SEC and CFTC jointly proposed an entirely new Form PF rulemaking that would eliminate Form PF filing entirely for nearly half of current filers. Atkins, in his own words, has expressed "serious concerns whether the government's use of this data justifies the massive burdens it imposes."

Atkins has declined to revive the Private Fund Adviser Rule pipeline that the Fifth Circuit vacated in June 2024, and on June 12, 2025, his SEC withdrew 14 related Gensler-era rule proposals built on the same statutory theory. He has abandoned the staff position that limited closed-end-fund exposure to private funds at 15%. And on August 7, 2025, his Commission joined the Trump executive order opening defined-contribution retirement plans — a market holding approximately $8.7 trillion in 401(k) assets at the end of Q1 2025 — to private credit, private equity, and crypto for the first time in ERISA history.

And on October 7, 2025, at a Managed Funds Association conference in New York, Paul Atkins publicly declared, on the record, that private credit is not a systemic risk: "I view the private markets as very important … as we have been looking at this area, at least as of now, it is not a systemic risk."

That sentence, spoken two weeks before Bailey's "alarm bells" testimony to the House of Lords, three weeks before Tricolor's CEO would be indicted, six weeks before Senators Warren and Reed would write to the OCC demanding emergency action, four months before Blue Owl gated OBDC II, and seven months before the Financial Stability Board would publish a 60-page deep-dive report explicitly warning that the sector "could amplify stress in adverse scenarios, posing broader risks to" global financial stability — that sentence is going to follow Paul Atkins for the rest of his life. And then he repeated it.

On May 4, 2026, at the Milken Institute Global Conference in Los Angeles — *two days before the FSB report dropped* — Atkins said again: "We don't see this as a systemic risk, at least at the current time, but we're monitoring that and staying apprised of it." In the same remarks, he confirmed the SEC was actively investigating fraud allegations in the private credit market — meaning the SEC itself believes there is enough wrongdoing to merit investigation, while its chairman simultaneously declares the market poses no systemic risk. By that point, BCRED's non-accruals had quadrupled in a single quarter, Blue Owl's retail fund was being liquidated for 30 cents on the dollar, Apollo's investors had received only 45% of the redemption capital they had requested, Cliffwater had capped its $33 billion fund at half the requested withdrawals, KKR's $13 billion private credit fund had been downgraded to junk, Wall Street's largest banks had launched a CDS index designed to short the asset class, and Apollo's John Zito had told investors privately that "I literally think all the marks are wrong." Atkins said it anyway. Three

times now. The repetition compounds the exposure: every additional time he says, "not a systemic risk" into a deteriorating record makes the eventual headline ("SEC chairman repeatedly told public private credit was safe") that much harder for the White House to absorb.

When the private credit market cracks — and it is already cracking, because every major stability body outside of the SEC is screaming about it, and because the failures are already metastasizing in real time, and because retail money is being funneled into it via the 401(k) executive order precisely as institutional money is heading for the exits in every semi-liquid vehicle where exit is possible — the question of who receives the blame answers itself. Atkins will be the regulator who said three times that private credit was not a systemic risk while the systemic risk was building under his nose. Atkins will be the regulator who turned off the data feed FSOC needs to see what is happening. Atkins will be the regulator who pulled the protective rails off of the elevator just before it dropped. And Atkins will be the regulator whose own Division of Investment Management presided over the first-ever net outflows from the non-traded BDC sector — the SEC-registered vehicles he has direct statutory authority to supervise — while telling the press that the building was structurally sound.

Trump will not survive a "Paul Atkins's SEC missed the next 2008" headline. So Trump will fire Atkins before that headline lands.

Reason #5: Atkins Has Written — And, More Damningly, Been Compelled To Write — Regulations That Have Functionally Ensnared President Trump's Own World Liberty Financial Venture

This is the reason that, when it lands, will land hardest on Trump's desk personally. And it is unfolding right now.

On May 8, 2026, Lee Reiners, Policy Director of the Duke Financial Economics Center and Lecturing Fellow at Duke Law, published a piece on the Duke FinReg Blog titled, "Is $WLFI an Unregistered Security?" The analysis is devastating in its quiet precision.

Reiners's argument turns on a basic problem with the SEC's own posture: the very same Atkins SEC that has spent the past year arguing crypto tokens generally fall outside the federal securities laws settled — on March 5, 2026 — its long-running case against Justin Sun for $10 million. Specifically, Rainberry, Inc. — the BitTorrent entity Sun acquired in 2018 — agreed to pay a $10 million civil penalty and accept a permanent injunction against future securities-law violations, while the SEC moved to dismiss with prejudice all claims against Sun personally, the Tron Foundation, and the BitTorrent Foundation.

Here is the trap, exactly as Reiners identifies it: to impose the $10 million penalty on Rainberry, the SEC necessarily had to assert jurisdiction. To assert jurisdiction, the SEC had to maintain that **TRX and BTT had been "offered and sold as part of an investment contract"** at the relevant time. Which is to say: the SEC, on Atkins's watch, formally and on the record, applied the **Howey** test to crypto tokens and found that the test was satisfied. As Decrypt reported on March 11, 2026, this position "could complicate the regulator's narrative that most crypto tokens

fall outside securities law" — which is precisely the narrative the Atkins SEC has been advancing for thirteen months.

Now consider WLFI.

World Liberty Financial — the Trump family's crypto venture — was launched in October 2024 by Zachary Folkman, Chase Herro, the Witkoff brothers (Zach and Alex, the sons of Trump's longtime ally and Middle East envoy Steven Witkoff), and members of the Trump family. President Donald Trump is listed on the company's website as "Co-Founder Emeritus" and "Chief Crypto Advocate"; his three sons — Donald Trump Jr., Eric Trump, and Barron Trump (titled "DeFi Visionary") — are listed as co-founders; Steve Witkoff is listed as a co-founder emeritus; Zach Witkoff serves as CEO.

The venture's structure is a Trump-family money pipeline by design. DT Marks DEFI LLC — owned 70% by Donald Trump and 30% by unidentified Trump family members — holds approximately 38% of the equity interests in WLF Holdco LLC, which holds the only membership interest in World Liberty Financial LLC and all rights to its net protocol revenues. WLFI's own legal disclaimer admits the structural reality. While its public language insists no Trump is "an officer, director, or employee" of either WLF Holdco LLC or World Liberty Financial, the same disclaimer carves out a single named exception: "except that Eric Trump is a manager on the board of directors of WLF Holdco LLC." This disclaimer is a confession with a comma in front of it.

The Trump family receives 75% of net proceeds when WLFI sells tokens, plus a cut of stablecoin profits derived from interest on USD1's reserve assets. That insider concentration is structurally extreme even by crypto-industry standards. According to a pre-launch CoinDesk analysis of the leaked Gold Paper, approximately 70% of WLFI's governance tokens were allocated to founders, the team, and service providers — compared with roughly 16.6% for Ethereum and 20% for Cardano at their respective launches. The "protocol" itself, meanwhile, is a fork of Aave, an existing open-source DeFi platform; WLFI is not building novel infrastructure so much as wrapping someone else's code in a Trump-branded interface and selling tokens against it. The decentralization claim is, in other words, decoupled from the technology at every layer — from the token allocation to the codebase to the governance vote. In addition, the Trump family and its affiliates were issued 22.5 billion WLFI tokens at the company's inception.

Donald Trump Jr., Eric Trump, and Barron Trump's stakes in World Liberty Financial were each worth at least $133 million as of late 2025, per Forbes. By March 2026, Forbes estimated Donald Trump alone had netted $550 million from token sales, with his equity stake in the venture valued at $240 million and his personal share of WLFI tokens valued at approximately $175 million after applying a discount for lock-up restrictions. Forbes reported in April 2026 that Steve Witkoff's wealth had grown approximately $280 million in a single year — bringing his fortune to $2.3 billion, with almost all of that 15% increase attributable to World Liberty Financial.

Earlier, a Reuters analysis had found that WLFI earned the Trump family more than $460 million in the first half of 2025 alone. By October 2025, the Financial Times reported the family had already crossed $1 billion in pre-tax crypto profits, and a subsequent Wall Street Journal feature found the family had cashed out at least $1.2 billion from World Liberty Financial alone over its first 16 months, while sitting on roughly $2.25 billion in additional paper gains from

unsold WLFI tokens. A Bloomberg analysis in January 2026 — carried by Decrypt the following month — valued Trump's combined crypto-venture profits, with WLFI as the largest single piece alongside the TRUMP memecoin and other ventures, at approximately $1.4 billion as of January 2026.

WLFI's proprietary stablecoin USD1 — launched in March 2025 — has grown to a circulating supply of approximately $4.6 billion by April 2026, driven heavily by a single transaction: MGX's $2 billion investment in Binance, announced in March 2025, which Eric Trump and Zach Witkoff revealed in May 2025 at Token2049 Dubai would be settled in USD1 — the world's largest single crypto-company investment, settled in WLFI's stablecoin.

Separately, Sheikh Tahnoon-backed Aryam Investment 1 reportedly purchased a 49% equity stake in WLFI for $500 million in a deal signed January 16, 2025 — four days before Trump's second inauguration — never publicly disclosed at the time, first reported by the Wall Street Journal in February 2026, and described by legal experts as a potential violation of the Emoluments Clause of the U.S. Constitution. Two of Sheikh Tahnoon's affiliates — Martin Edelman (Group General Counsel of G42, the AI conglomerate Tahnoon chairs) and Peng Xiao (G42's Group CEO) — were also placed on the WLFI board, an arrangement reportedly not publicly disclosed at the time of the deal. This is foreign sovereign capital flowing directly into a financial venture from which the President of the United States and his family receive 75% of net token sale proceeds.

The UAE deal is not even the most opaque foreign payment to WLFI. On June 26, 2025, a Dubai-based entity called the Aqua 1 Foundation announced it had purchased $100 million in WLFI tokens, which under the project's 75/12.5/12.5 split means roughly $75 million flowed to Trump-affiliated entities. The problem: Aqua 1 Foundation appears not to exist as a registered entity anywhere. Reuters confirmed that Aqua 1 is not registered or licensed with Abu Dhabi Global Market, the Dubai International Financial Centre, the UAE Securities and Commodities Authority, or Dubai's Virtual Asset Regulatory Authority. The website was created May 28, 2025 — one month before the deal. The single named "founder," "Dave Lee," has no verifiable corporate, professional, or social-media footprint beyond a manga-avatar X account opened two days after the WLFI announcement. Investigative reporting by Jacob Silverman in The Nation and his Substack traced "Dave Lee" to a David Jia Hua Li, with a deactivated LinkedIn profile linking him to Beijing's CNPC and to Web3Port — a Hong Kong–based Chinese crypto trading group. The USDT used to fund the Aqua 1 transfer originated, in part, from wallets on Bybit (the exchange from which North Korean hackers stole $1.5 billion earlier in 2025) and OKX (which paid a $504 million U.S. anti-money-laundering fine in 2025). In short: a Chinese-linked shell company with no registration anywhere on Earth, funded through wallets connected to North Korean theft and OKX-AML proceeds, sent $100 million into a project from which the President receives 75% of token revenues. This is not a hypothetical. This is a public, on-chain, documented transaction. And if the SEC is going to apply its own framework to anyone, this is the kind of fact pattern its framework exists to capture.

In November 2024, Justin Sun became the largest single early investor in WLFI, purchasing 2 billion WLFI tokens for $30 million (Sun additionally received an extra 1 billion tokens for accepting the title of WLFI advisor). In January 2025, Sun purchased an additional billion tokens for $15 million, bringing his total cash investment to $45 million. With token-price appreciation, Sun's WLFI position rose to roughly $75 million; his total exposure to Trump-

linked crypto ventures, including a $100 million purchase of the TRUMP memecoin, reached approximately $175–190 million.

In September 2025, WLFI used an embedded smart-contract "blacklist" function to freeze Sun's wallet, locking his entire roughly 4 billion-token WLFI position — approximately 545 million unlocked tokens plus billions more in vesting and advisor tokens — from sale, transfer, or governance voting. Sun sued WLFI in California federal court on April 21, 2026, alleging fraud, breach of contract, and an illegal scheme to seize property; he further alleged that WLFI co-founder Chase Herro had threatened to report him to U.S. criminal authorities over alleged know-your-customer issues if he did not continue investing and minting USD1 stablecoins on WLFI's terms. On May 4, 2026, WLFI countersued Sun in Florida state court for defamation.

Meanwhile, the SEC is not the only agency staring at WLFI. In September 2025, the watchdog group Accountable.US published an analysis finding that WLFI governance tokens had been sold to blockchain wallets tied to the North Korean Lazarus Group, a Russian sanctions-evasion tool, an Iranian crypto exchange, and Tornado Cash — the OFAC-sanctioned mixer used to launder North Korean hacking proceeds. On November 18, 2025, Senators Elizabeth Warren and Jack Reed, the ranking Democrats on Senate Banking, sent a formal letter to Treasury Secretary Bessent and Attorney General Bondi demanding a federal investigation. Their framing was deliberately national-security: "every time a governance token is sold, three-quarters of that money goes directly to President Trump and his family, including through sales to entities linked to Russia and North Korea." That letter is in DOJ's and Treasury's hands. It is documented, dated, and addressed to two cabinet officers. Atkins does not control DOJ. Atkins does not control Treasury. Atkins does not control FinCEN, OFAC, or the FBI. And the same fact pattern that creates the SEC question — that WLFI sold tokens to whoever showed up with USDT, regardless of provenance — creates parallel jurisdiction for every one of those agencies. The trap closes in more than one direction.

And in April 2026, the most damning fact pattern of all emerged. On April 9, 2026, CoinDesk reported — based on on-chain data analyzed via Etherscan and Arkham — that WLFI had pledged 5 billion of its own governance tokens as collateral on the Dolomite lending platform and borrowed approximately $75 million in stablecoins ($65.4 million in USD1 — WLFI's own stablecoin — plus $10.3 million in USDC). More than $40 million of those proceeds were transferred directly to Coinbase Prime — typically used for institutional fiat off-ramping — within hours, reportedly just before Trump's U.S.–Iran ceasefire announcement. The WLFI collateral position represented approximately 55% of Dolomite's entire $835.7 million total value locked, and pushed Dolomite's USD1 lending pool utilization rate to 93% — meaning ordinary depositors who had lent USD1 expecting to withdraw at will were functionally locked out of the protocol until the WLFI loan was repaid. The lending protocol's co-founder, Corey Caplan, is also an advisor to World Liberty Financial — meaning WLFI used its own governance token to borrow its own stablecoin from a protocol whose insider was a WLFI insider, draining retail depositors' funds, in a structure analysts immediately compared to Sam Bankman-Fried's FTX/FTT collateral loop. The WLFI token dropped 12% on the disclosure and has since traded approximately 20% below its pre-disclosure level.

Six days after CoinDesk's Dolomite disclosure, WLFI quietly opened a governance vote on a tokenomics restructuring covering 62.28 billion locked WLFI tokens — more than 62% of the

total supply. Under the proposal, which closed for voting on May 6, 2026 with 99.4% support, founders, team members, advisors, and partners receive a two-year cliff followed by a three-year linear vest — meaning insider tokens begin unlocking in 2028 and complete distribution only in 2030. President Trump's second term ends in January 2029. The schedule is therefore designed so that the largest insider sales would fall in the year after Trump leaves office, when no friendly SEC, no friendly DOJ, and no friendly Treasury is available to discourage liquidation. The vote itself is its own indictment: per on-chain analysis, the top four wallets controlled approximately 40% of the voting power, and Sun, in his April 12 public statement, flagged that 76% of voting power on the prior March vote came from just 10 wallets. A "near-unanimous" 99.4% in a system where a handful of wallets cast almost all the votes is not democracy — it is theater. And the insiders are using that theater, while Trump is still President, to write themselves a vesting schedule that pays out after he is no longer there to protect them. That detail, once it is in the record, becomes its own subpoena bait.

What's most ironic is that the SEC's own new crypto framework is what convicts Atkins the most.

The point Reiners makes in his Duke piece is the one Atkins should find most threatening: even the SEC's deregulatory March 2026 interpretation — the framework Atkins himself has championed as the new dispensation, the document the industry treated as a victory — convicts WLFI on its own terms. Reiners is not asking Atkins to abandon his framework. He is asking Atkins to apply it.

On the same day the SEC released the interpretation — March 17, 2026 — Atkins gave the keynote address at The Digital Chamber's Blockchain Summit, introducing what he called his "ACT" framework for crypto regulation and using a phrase that has now become the defining trap of his chairmanship: "We clarify that the representations or promises that generate reliance under Howey must be explicit and unambiguous as to the essential managerial efforts that the project team intends to undertake." Reiners's brief is essentially a nine-page demonstration that WLFI's Gold Paper, marketing campaign, services agreement, and Trump-brand strategy meet that standard so completely that a first-year securities lawyer could plead the complaint over a weekend.

Here is the application, in Reiners's own words:

"The SEC does not need to agree with my critique of its March interpretation to act. It can apply its own interpretation. It can ask whether $WLFI purchasers invested money. They did. It can ask whether they invested in a common enterprise. World Liberty pooled token sale proceeds to build and promote a common project. It can ask whether purchasers reasonably expected profit. The token's eventual transferability, trading, volatility, market value, private resale dynamics, and reaction to the Dolomite borrowing transaction make that obvious. It can ask whether those profits depended on World Liberty's essential managerial efforts. The Gold Paper, the token structure, the Trump branding, the protocol roadmap, the multisig, the unlock process, the alleged unilateral freeze-and-burn powers, the private token sales, and the use of $WLFI as collateral to borrow USD1 all point in the same direction . . . $WLFI is not a decentralized

commodity. It is a Trump-branded governance token sold to finance a centrally controlled crypto business. If the SEC's interpretation means anything, it should apply here."

The most damning evidence Reiners marshals is not external commentary at all. It is the language of WLFI's own Gold Paper — the project's branded substitute for a white paper, so named because of President Trump's affinity for gold. Buried in the Gold Paper is the services agreement that defines DT Marks DEFI LLC's role: under that agreement, the Trump-family entity is contractually obligated "to use reasonable efforts to request the owners and principals of DT Marks DEFI LLC, including Donald Trump, to promote the WLF and the WLF Protocol from time to time." That is not a marketing flourish. That is the project, in its own foundational document, contractually committing the President of the United States to undertake essential managerial efforts in exchange for 22.5 billion tokens and 75% of net proceeds. The SEC's March 2026 interpretation says, in plain language, that this is exactly what creates an investment contract. The SEC's March 2026 interpretation emphasizes that "issuer marketing matters; that white papers and official communications matter" and that the representations triggering Howey reliance must be "explicit and unambiguous." The Gold Paper is unambiguous. It is in writing. It was published. It was used to sell tokens. There is no ambiguity in the document Atkins's SEC would have to ignore.

Per Reiners, "The SEC has the legal authority to investigate World Liberty. But do they have the integrity and independence to investigate a crypto venture in which the president and his family have a direct financial stake? Unfortunately, recent history suggests the answer is no."

Reiners is not a crank, not a Twitter pseudonym, not an opposition researcher. He is a highly respected former Federal Reserve Bank of New York supervisor of systemically important financial institutions, the author of dozens of authoritative works about financial markets, an esteemed Duke lecturing fellow, the founder of the FinReg Blog, and a witness who has testified three times before Congress on cryptocurrency regulation.

When Reiners writes that Atkins's SEC lacks the integrity and independence to investigate WLFI, that is not commentary the financial press lets pass. The article is not going to stop circulating, and the institutional vocabulary it introduces — "integrity and independence" — is going to migrate from a Duke blog post to a House Financial Services hearing transcript with the inevitability of water finding the floor.

The nail in the coffin is when Reiners delivers the comparison that makes the argument impossible to walk away from. The argument's weight comes from how mundane the comparator is. Reiners is not asking the reader to imagine an exotic hypothetical. He is asking the reader to imagine literally any other crypto project — Telegram's TON, Solana's labs era, Ripple's XRP, Binance's BNB-listing complaints — that displayed a tenth of the centralization features documented at WLFI. Each of those was, at some point, the subject of a serious SEC enforcement action. WLFI has features that none of them had. The contrast is the indictment. Reiners explains:

"Imagine a non-Trump-affiliated crypto project that sold hundreds of millions of dollars of governance tokens to fund a not-yet-complete DeFi ecosystem; told purchasers the token's only

utility was governance; reserved sweeping control over proposals and implementation; later made the token tradable; unilaterally added blacklist and reallocation powers; froze its largest investor's tokens; allegedly blocked that investor from voting; and allegedly threatened to burn those tokens. It is difficult to believe the SEC would treat that as a routine commercial dispute. Under both traditional Howey analysis and the SEC's own new interpretation, those facts scream securities-law relevance. Now add a related-party lending transaction in which the issuer pledges billions of its own governance tokens to borrow tens of millions of dollars in its own stablecoin from a protocol tied to one of its own advisers, draining a user-funded liquidity pool and liquidation risk for ordinary depositors. That would be impossible for a sane SEC to ignore."

The phrase doing the damage is *impossible for a sane SEC to ignore*. Because the SEC under Atkins is, in fact, ignoring it. The contrast — between what a normal SEC would do and what the Atkins SEC is doing — is the indictment. And Reiners has written it down and posted it where every securities-litigation partner, every Hill staffer, every financial reporter, and every plaintiffs-bar attorney drafting a 10b-5 complaint is going to read it.

This is the trap Atkins is in, and it is the trap that cannot be talked out of. The March 2026 interpretation was supposed to be the shield. Reiners has shown that even on that interpretation, on the SEC's own narrowed terms, WLFI is an unregistered security. There is no version of the agency's current framework under which the WLFI fact pattern fails to establish jurisdiction. There is only a version under which the agency declines to enforce the law it has just written — the version where the SEC holds its own rulebook in one hand and the President's family business in the other. That version has Paul Atkins's name on it.

And this is where Reiners poses the question that ends Atkins's chairmanship. Even if Atkins opts to ignore the Howey Test, Atkins cannot ignore his own test. It plainly has the factual record to do so. The remaining question, as Reiners frames it, is whether the SEC has the integrity and independence to investigate a crypto venture in which the President of the United States and his immediate family hold a documented direct financial stake of $4 billion or more. Reiners's own answer to that question, citing recent SEC enforcement history under Atkins, is no.

That is the trap that has now closed around Paul Atkins's chairmanship, a trap that has three doors and all of them are bad.

Door One: the SEC investigates WLFI under the same Howey analysis it deployed against Justin Sun on March 5, 2026 or under its new crypto-related guidance. That investigation lands directly on the President's family balance sheet — a balance sheet that, per public reporting, has accumulated approximately $1 billion in proceeds plus $3 billion in unsold tokens by December 2025, plus another $280 million in Witkoff-family wealth attributed to WLFI exposure. Trump fires Atkins.

Door Two: the SEC declines to investigate WLFI, which is the politically consistent position but creates a documented record of selective enforcement that will be exhumed by the House Financial Services Committee (per existing document requests now in the SEC's hands), the Senate Permanent Subcommittee on Investigations (per existing document requests), the SEC Office of the Inspector General (per the IG's standing oversight authority), the Government Accountability Office (per existing oversight inquiries documented in earlier sections), and every

plaintiff's lawyer in the country (per the publicly filed Sun and WLFI complaints, which are now in two federal/state dockets simultaneously). When that record gets exhumed — and it will — and at that point Atkins has become a corruption story rather than a regulatory story. Trump fires Atkins.

Door Three: the OCC. On January 7, 2026, WLTC Holdings LLC — a wholly-owned WLFI subsidiary — filed a de novo application with the Office of the Comptroller of the Currency seeking a national trust bank charter for "World Liberty Trust Company, National Association," which would directly issue and custody USD1. The OCC review window for de novo trust bank applications is twelve to eighteen months — meaning the decision falls squarely inside the firing window this Reason argues about. On February 27, 2026, Senator Warren formally asked OCC Comptroller Jonathan Gould at a Senate Banking hearing to pause or reject the application, pointing out that the OCC head — a presidential appointee serving at the President's pleasure — would effectively be supervising a company in which the President holds a direct financial stake. Gould declined to commit. The National Community Reinvestment Coalition has filed a formal opposition citing the sanctioned-wallet allegations, the secret UAE ownership, and the absence of adequate AML controls. The OCC will have to issue a decision. If it grants the charter, Atkins owns the precedent. If it denies the charter, the denial is a public document explaining, in regulatorese, exactly why a Trump-family financial venture failed federal supervisory standards — a document House Democrats and the trial bar will quote for the rest of the administration. There is no neutral exit from Door Three either.

The trap also closed on March 5, 2026, when the SEC filed its proposed consent judgment with Sun. Atkins did not see the trap closing because the dismissed Sun fraud charges seemed to him like a victory. They were not. They were a foundation. The Reiners piece on the Duke FinReg Blog is the first brick in the wall. The next brick will be a House Democratic letter demanding the SEC explain why it is not investigating WLFI on the same theory it just applied to Sun. Then a longform New York Times piece — following the Wall Street Journal investigation that broke the secret 49% UAE acquisition story in February 2026. Then a 60 Minutes segment. Then a state attorney general inquiry — most likely from New York or California, where retail WLFI buyers are concentrated. Then a class action by retail WLFI buyers, building from the Dolomite-pool depositors who were locked out of their funds in April 2026. By that point, Trump will need a way to make the story go away, and the easiest way to make the story go away will be to fire the regulator whose own settlement created the precedent that opened the door to the entire WLFI line of attack.

Atkins built this trap with his own hands. He wanted credit for closing the prior administration's biggest crypto cases, including Sun, with penalty payments rather than dismissals. That penalty payment required the legal theory the deregulatory posture rejects. And now both halves of his position are public, the contradiction is sitting on the front page of the Duke FinReg Blog, the President's family business is the case study, and the man who walked through the front door of that contradiction is the SEC Chairman.

Reason #6: The Democrats Will Take The House In November 2026, And Atkins Will Be Walked In Under Subpoena

This reason is the most predictable of all, because it operates on the cleanest mechanical logic in American politics: the president's party loses seats in the midterms. It has happened in 17 of the last 19 midterm elections since 1946. And every leading indicator presently visible — presidential approval, generic ballot, special election performance, retirement counts — is at least as favorable to Democrats as it was at the equivalent point in the 2018 cycle, the cycle that produced Trump's first-term loss of forty House seats. By several measures, 2026 is worse for the GOP than 2018 was: more Republican retirements (36 vs. 34), lower presidential approval (39–40% vs. 42%), larger Democratic special-election overperformance (11–13 points vs. 9 points). The mechanical logic is operating on a thinner Republican margin than 2018's, against a more unpopular president, and into a wider open-seat field.

Start with the polling, the ratings, and the markets. The Cook Political Report — the gold-standard nonpartisan election forecaster — has, on multiple updates through the spring of 2026, shifted competitive Senate seats meaningfully in the Democrats' direction. On April 13, 2026, Cook moved Georgia and North Carolina Senate races from Toss-up to Lean Democrat, moved Ohio to Toss-up, and moved Nebraska from Solid Republican to Likely Republican. Cook's Jessica Taylor described the climate, in her own words, as the President being "mired in an unpopular war," with gas prices skyrocketing and Trump posting his lowest approval numbers on the economy and on immigration — the issue Taylor said had been his political "secret sauce." The president is underwater. The war is unpopular. Inflation is sticky. Gas prices are rising. The midterms are, in Taylor's framing, "a referendum on the President's party," and that referendum currently looks bad for the Republicans.

The data points beneath the ratings are, if anything, even worse for the GOP. Trump's job approval is hovering at 39–40% — territory Gallup's polling history associates with an average loss of 37 House seats for the President's party in midterm elections. The generic congressional ballot shows Democrats leading by anywhere from 5 to 14 points, depending on the pollster. Democratic candidates have overperformed their 2024 presidential margins by an average of 11 to 13 points across more than 100 special elections in 2025–2026, including a 25-point overperformance in Marjorie Taylor Greene's old GA-14 district. Democrats have flipped 12 state legislative seats from R to D in 2026 specials; Republicans have flipped zero in the opposite direction. Democrats won every one of the 13 statewide elections held in November 2025, including Abigail Spanberger's victory in the Virginia governor's race. And a record 36 House Republicans have announced they will not seek reelection — exceeding the 34 GOP retirements that preceded Democrats' 40-seat 2018 wave.

The prediction markets, which have outperformed pundits in three of the last four cycles, are unambiguous. As of early May 2026, Kalshi is pricing the probability of a Democratic House majority at roughly 85%; Polymarket is at roughly 78%. With Republicans currently holding only a 218–215 House majority and Democrats needing a net of just three seats to take control, the math is even more favorable to Democrats than the Senate. House Democrats know this. And they are already explicitly planning what they will do with the gavel.

On March 1, 2026, the Washington Post reported that House Democrats, anticipating their return to the majority in the November midterms, were "already charting an aggressive strategy" of investigating the Trump administration next year, including using subpoena power to compel testimony from President Donald Trump and launching impeachment proceedings against administration officials including Homeland Security Secretary Kristi Noem. Representative Robert Garcia (D-CA) — the ranking Democrat on the House Oversight Committee and widely viewed as the top option to chair the committee under a Democratic majority — told the Washington Post in that same article that he intends to compel Trump's testimony on the Jeffrey Epstein files, publicly stating days earlier: "Let's get President Trump in front of our committee to answer the questions that are being asked across this country from survivors." The "House Democrats won't seriously try to investigate the second Trump administration" prediction is dead; Garcia put a knife in it on the front page of the Washington Post nine months before Election Day.

What is being missed in the Beltway commentary about Democratic oversight plans is that the Atkins SEC will be one of the highest-priority targets, because Atkins's record provides House Democrats with the cleanest, most documented, most televisable abuse-of-office case study available anywhere in the second Trump administration.

The document predicate is already in place. It is sitting in Chair Atkins's inbox, in writing, right now.

On December 29, 2025, Representative Maxine Waters — the ranking Democrat on the House Financial Services Committee, and the likely returning Chair under a Democratic majority — formally requested that Republican Committee Chair French Hill schedule an oversight hearing with Chair Atkins to explain the SEC's pattern of dropped crypto enforcement cases. Waters's December 29, 2025 letter specifically named the SEC's terminated or stayed enforcement actions against Coinbase, Binance, and Justin Sun, Kraken, and Ripple, demanded internal records and analyses, and demanded to know whether Atkins's own office had taken "an unusually active role" in negotiating an end to these cases.

On January 14, 2026, Waters joined Representative Sean Casten (D-IL), Vice Ranking Member of the House Financial Services Committee, and Representative Brad Sherman (D-CA), Ranking Member of the Capital Markets Subcommittee, in sending a follow-up letter directly to Chair Atkins demanding answers on the agency's "significant pullback" from its crypto enforcement responsibility, specifically encouraging the SEC to continue its enforcement action against Justin Sun following Sun's $75 million in investments in Trump family crypto projects, including WLFI and the $TRUMP memecoin. That letter — sent two months before the SEC's March 5, 2026 settlement with Sun's Rainberry entity — is now part of the documentary record. When Atkins is questioned under oath, House Democrats will ask him: did you read this letter? Did you respond to it? Did you in fact pursue the recommended enforcement action? And if not, why not?

On March 30, 2026, the Senate side joined the document requests. Senator Richard Blumenthal (D-CT), Ranking Member of the Senate Permanent Subcommittee on Investigations (PSI), wrote directly to Atkins — in PSI's name, under PSI's letterhead, and as part of PSI's "ongoing inquiry into" the illicit use of cryptocurrencies — demanding records and communications between the SEC's Division of Enforcement and the Office of the Chairman, records and communications

between the Office of the Chairman and any member of the Trump or Witkoff families, and records relating to the SEC's settlements with cryptocurrency companies, by April 13, 2026. The trigger for Blumenthal's letter, expressly, was Reuters's reporting on Margaret Ryan's resignation as SEC Director of Enforcement shortly before the Sun settlement. And Ryan is no Democratic resistance figure: she is a former military judge, a former clerk to Justice Clarence Thomas, and a name reportedly on President Trump's own shortlist of potential Supreme Court nominees. When a conservative jurist of that pedigree walks out of an SEC enforcement directorship after six months — reportedly because she was barred from pursuing fraud cases against the President's circle — the political problem for the administration is not that the left is angry. The political problem is that the right has a credible witness.

Three letters. Three formal congressional demands for SEC records. Two from House Democrats. One from a Senate Democrat. All within ninety days of each other. All sitting in Chair Atkins's inbox right now, as Reason #6 of this list is being written. Document requests — under House Financial Services rules and under PSI rules — convert directly into subpoenas the moment a committee gavels into the new majority. There is no functional gap between the document requests already on file and a subpoena package authorized by Chair Waters in January 2027. The transition from "request" to "subpoena" is one signature.

And consider what those subpoenas will reach. They will reach the email and phone records between the Office of the Chairman and the Division of Enforcement during the period Sun's case was being settled. They will reach the internal staff memoranda discussing the Coinbase, Binance, Kraken, and Ripple dismissals. They will reach the calendars, meeting notes, and call logs of every senior policy aide in Atkins's office. They will reach communications between the Office of the Chairman and the Trump White House. They will reach communications between the Office of the Chairman and any member of the Trump or Witkoff families — including, almost certainly, the records that exist around World Liberty Financial. Blumenthal's March 30, 2026, letter expressly demands all of this.

What the subpoenas will land in is not an empty inbox. It is a documentary record that has been growing in the public press all year. On January 31, 2026, the Wall Street Journal exposed that an Abu Dhabi entity controlled by Sheikh Tahnoon bin Zayed Al Nahyan — the UAE's national security adviser, known in regional press as the "Spy Sheikh" — had secretly purchased a 49% stake in World Liberty Financial for $500 million four days before President Trump's second inauguration, with $187 million wired directly to Trump family entities and $31 million to Witkoff family entities. Months later, the Trump administration approved AI chip export licenses to the UAE that the Biden administration had blocked on national security grounds. By February 2026, the Wall Street Journal's reporting put the Trump family's combined cash and paper take from World Liberty Financial in its first 16 months at roughly $3.4 billion — $1.2 billion in cash and $2.25 billion in paper gains. That documentary trail is what gets demanded by subpoena. Atkins is the regulator with custody of the SEC's slice of it.

This is the worst possible documentary scope a regulator can face. Atkins knows it.

What makes the trap worse for Atkins is the political record of the people who funded his confirmation. The crypto industry, in 2024 alone, raised at least $238 million in political spending to elect a Congress that would protect crypto's interests — a figure tallied by Federal Election Commission filings analyzed by blockchain analytics firm Breadcrumbs and reported

by Fox Business in November 2024. That figure made the crypto industry the largest direct corporate political spender in the country in 2024, surpassing oil and gas, pharmaceuticals, and Wall Street; on a cumulative basis since the Supreme Court's *Citizens United* decision in 2010, Public Citizen reports that crypto now trails only the fossil fuel industry in direct corporate election spending. The industry's principal super PAC, Fairshake, had — as of late 2024 — already accumulated approximately $103 million for the 2026 midterm cycle, and additional reporting through early 2026 raised the total available pro-crypto super-PAC war chest to approximately $221 million. And in February 2026, Citation Needed reported that 92% of direct contributions from crypto companies and their executives to candidates and partisan committees had gone to Republicans — meaning the industry's bipartisan posture from the 2024 cycle has now hardened into overt Republican alignment.

The industry bet a quarter of a billion dollars on a Republican Congress that would protect Atkins. That Congress is now likely to be replaced by a Democratic House majority that has no reason whatsoever to be friendly — and every reason to be openly hostile. And the leading edge of that hostility has a face: Sherrod Brown — the former Senate Banking Committee Chairman whom the crypto industry spent more than $40 million to defeat in Ohio in 2024 — announced in August 2025 that he is running again, this time for the Ohio Senate seat held by appointed Republican Jon Husted, which Cook now rates a Toss-up. The man crypto's PACs spent a quarter of a billion dollars to silence is, at least in some material probability, walking back into the Senate Banking Committee in January 2027.

The reasons to be openly hostile are not abstract. They are personal, professional, and well-documented in the public record.

On December 3, 2024 — the month after the 2024 election — Coinbase CEO Brian Armstrong publicly announced on X that Coinbase had informed every law firm with which it does business that Coinbase would terminate its relationship with any firm that hired any former SEC official Coinbase considered "anti-crypto." Armstrong specifically named Milbank LLP — which had hired former SEC Enforcement Division Director Gurbir Grewal in October 2024 — as a firm Coinbase would no longer work with while Grewal remained employed there. Ripple Chief Legal Officer Stuart Alderoty publicly endorsed the same posture. The two largest U.S. crypto firms threatened to economically blacklist any BigLaw partner who came out of SEC enforcement — and they followed through on it, in writing, in public, on the largest social platform in the country. That public threat is now part of the documentary record that will be available to House Democrats during oversight hearings: a record of two regulated entities openly punishing law firms for hiring the very SEC alumni whose enforcement work is at the center of the policy reversals Atkins implemented. The optics are catastrophic.

Atkins's defense playbook is already known, because he has already used it. On February 11, 2026, Atkins testified before the House Financial Services Committee under Republican Chair French Hill. When Maxine Waters pressed him on the Sun case, he responded that he "couldn't discuss individual cases." When another Democratic lawmaker asked whether his agency ever protects investors at the cost of Trump's businesses, Atkins responded: "As far as what the Trump family does or not, I can't speak to that." That is the entire Atkins defense, and it works exactly once — in front of a friendly Republican chair who controls the gavel and the agenda.

The moment the gavel changes hands, the same questions get asked under subpoena, the "I can't discuss it" answer becomes a contempt referral, and the documents that would otherwise stay in the Office of the Chairman's filing cabinet get marched out under a Capitol Police escort. The questions that will be asked are already in writing:

1. *Why did the SEC drop its case against Coinbase in February 2025, against Kraken in March 2025, and against Binance in May 2025, in each case without obtaining fines or admissions?*

2. *Why was the SEC's dismissal of the Binance case in May 2025 — five months before President Trump pardoned Binance founder Changpeng Zhao on October 23, 2025 — followed by a $2 billion Binance investment in World Liberty Financial's USD1 stablecoin that yields the Trump family approximately $80 million per year in passive income?*

3. *Why did the SEC fail to bring a single new crypto enforcement action in all of 2025, the lowest figure in modern enforcement history?*

4. *Why did the Office of the Chairman take an unusually active role" in negotiating the Elon Musk settlement?*

5. *Why did Margaret Ryan resign as Director of Enforcement*?

6. *Has the Office of the Chairman communicated with any member of the Trump or Witkoff families about World Liberty Financial?* (Senator Blumenthal letter, March 30, 2026)

7. *Why did the SEC issue staff guidance on April 13, 2026, effectively exempting wallet provider user interfaces from broker-dealer registration when these interfaces clearly facilitate transactions?*

8. *Why has the SEC's professional workforce declined approximately 18% under your leadership — including, per the Government Accountability Office, an 18% loss of staff in the Division of Enforcement specifically, with significant departures of senior, experienced attorneys and accountants?*

These are not hypothetical questions. They are the questions Maxine Waters has *already* put in writing. They are the questions Richard Blumenthal has *already* put in writing. The only thing that will change in January 2027 is that the requests for answers — currently politely declined or routed through Republican Committee Chair French Hill, who has no incentive to schedule the hearing — become subpoenas, with consequences for non-compliance, and with public hearings that will be carried live by every news network in the country.

The political logic for Trump becomes obvious at that point. A regulator under active congressional subpoena, testifying under oath about preferential treatment of the President's family business, with documentary records being unsealed daily, and with an SEC Inspector General investigation likely running in parallel, is not a regulator the President can defend. He is a regulator who *is* the story. And once the regulator becomes the story, the regulator stops being useful to the administration and starts being a weight.

Trump's standard solution to weights is to cut them loose.

The smarter version of Trump's calculation — and the version that I am betting Trump will reach — runs as follows: why wait? Why wait for House Democrats to take the gavel and turn the SEC chairmanship into a televised, multi-month interrogation when you can simply replace Atkins now, install someone with no documented role in the Sun settlement, and reset the clock? A new SEC Chair installed in mid-2026 has a clean defense to the entire prior record: "I wasn't there. I didn't make those decisions. Take it up with my predecessor." That defense becomes harder for a new Chair to make in February 2027 after Waters has already started subpoenaing files. The earlier Trump fires Atkins, the more political insulation he buys himself.

That is the strategic case for the firing happening in the next six months rather than the next eighteen. Trump does not need to wait for the trap to close to fire Atkins. He only needs to recognize that the trap has been built, and that someone has to be designated as the person walking into it. Atkins is the only available candidate.

The crypto industry that paid for Atkins's confirmation will, in the next twelve months, discover the bill that came due in November. The Democrats will take the House. The subpoenas will issue. The television hearings will run. And by then — by the time the first Waters subpoena is delivered to the SEC's General Counsel's office in January 2027 — Atkins will already be gone, replaced by someone who can credibly claim to be cleaning up the prior administration's regulatory mess. The fall guy slot has Atkins's name on it. The only open question is the date.

REASON #7: ATKINS IS THE NATURAL FALL GUY, AND THE MARGARET RYAN TESTIMONY WILL BE THE MOMENT THE STRUCTURE COLLAPSES

This is the reason that operates on the deep structural logic of regulatory politics. Every SEC chairmanship that has ended in disgrace has ended in roughly the same way: a precipitating disclosure, a senior career exit, a Senate hearing, an administration calculation that the chairman has become a liability rather than an asset, and a quiet announcement that the chairman is "pursuing other opportunities." Christopher Cox after Madoff (effectively forced out, leaving in January 2009 with the SEC's prestige in ruins). Harvey Pitt after the Enron-era enforcement failures (resigned November 2002 after the Webster appointment fiasco). The pattern is well-documented. The pattern is now setting up around Atkins.

The precipitating disclosure has already occurred. Margaret Ryan resigned as Director of the SEC's Division of Enforcement on March 16, 2026, after just over six months in her role — and the circumstances of her departure, as reported by Reuters and corroborated by multiple subsequent outlets, are exactly the kind of circumstances that historically end SEC chairmanships.

According to Reuters's reporting, citing three people familiar with the matter: Ryan wanted to be more aggressive in pursuing fraud and other misconduct charges in cases that touched the President's circle, and other Republican political appointees. Two specific cases reportedly created the underlying tension: the SEC enforcement matter against Justin Sun — a major investor in the Trump family's World Liberty Financial venture — and the SEC enforcement matter against Elon Musk, the Tesla CEO who served as a special White House adviser to

Trump. The Sun settlement filed March 5 — eleven days before Ryan's resignation — resolved the case for $10 million paid by Rainberry, Inc. with no admission of wrongdoing by Sun personally. The Musk settlement negotiations went public the day after Ryan's resignation, in a March 17, 2026 court filing in which the SEC and Musk jointly disclosed they were in talks to resolve charges that Musk waited too long to disclose his 2022 Twitter share accumulation.

Now consider Ryan's professional profile, because it will determine how every subsequent fact pattern unfolds.

Margaret "Meg" Ryan is — by any conservative or institutional measure — an unimpeachable witness. She served as a U.S. Marine Corps communications officer with deployments to the Philippines and the Gulf War. She served as a judge on the U.S. Court of Appeals for the Armed Forces. She clerked for Supreme Court Justice Clarence Thomas, the Court's most consistent conservative voice. In September 2016, she was named by then-candidate Donald Trump himself to his public shortlist of potential Supreme Court nominees. She was Atkins's own pick to lead the Enforcement Division, beginning September 2, 2025.

In her first major public address as Enforcement Director — a February 2026 speech — Ryan acknowledged that aspects of the SEC's enforcement program warranted reform but committed the agency to pursuing "quality" enforcement actions, framing the Division's "mission – of protecting investors; maintaining fair, orderly, and efficient markets; and facilitating capital formation" as "too important."

That biography matters enormously for what comes next. Atkins cannot dismiss Ryan as a partisan critic. He cannot dismiss her as a Biden-era holdover (he hired her). He cannot dismiss her as a low-profile careerist (her resume is more conservative-credentialed than his own). And he cannot dismiss her as an enforcement zealot of the Gensler school (her professional background is military justice, not securities litigation). Ryan is the witness Atkins cannot survive — because the conservative legal establishment, which is the only institutional shield Atkins has, will read her resignation as an indictment of his chairmanship and not as a partisan attack on it. The conservative legal press has already started reading it that way: Above the Law observed within twenty-four hours of the Reuters story that "Margaret Ryan is not some bleeding-heart liberal resistance figure storming out in protest" but a "George W. Bush-appointed military appellate judge, a Marine, with exactly the kind of conservative bona fides that used to get you a fast pass in Republican legal circles," and concluded that "for the GOP the call is, in fact, coming from inside the house."

The Senate response to Ryan's resignation was immediate, coordinated, and bipartisan-Democratic across both chambers and across multiple committees of jurisdiction.

On March 30, 2026 — exactly seven days after the Reuters story broke — Senator Elizabeth Warren (D-MA), Ranking Member of the Senate Banking, Housing, and Urban Affairs Committee, sent a formal letter to Chair Atkins demanding answers about Ryan's departure and the SEC's failure to release fiscal-year 2025 enforcement data. Warren's letter cited Reuters directly, noted Ryan's "unusually short term" of approximately six months, observed that "S.E.C. enforcement chiefs serve for years," and connected Ryan's departure to a "broader narrative" — Warren's framing — that under Atkins, "if you have the ability" to pay or have connections to the President, you can "act with impunity." Warren further noted that Atkins had personally promised her, on the record, at a February 12, 2026 Senate Banking Committee

hearing that the SEC would release its fiscal-year 2025 enforcement data — and that, six weeks later, he still had not.

On the same day, March 30, 2026, Senator Richard Blumenthal (D-CT), Ranking Member of the Senate Permanent Subcommittee on Investigations, sent his own formal letter to Atkins — explicitly triggered by the Reuters Ryan reporting — demanding records and communications between the SEC's Office of the Chairman and the Trump and Witkoff families. Two Senators, two committees, two formal letters, the same day.

About one week later, Representative Maxine Waters (D-CA), Ranking Member of the House Financial Services Committee, sent her own follow-up letter demanding that Atkins testify about Ryan's departure. This was on top of Waters's prior letters of December 29, 2025 and January 14, 2026 — meaning that by mid-April 2026, Atkins had on his desk four separate ranking-member document demands from senior Democrats on three different committees of jurisdiction, all touching on the same enforcement-conflict pattern, all referencing the same fact set, and all preserving the same documentary record for an eventual subpoena package.

The "fall guy" structure is now fully assembled. Atkins has nowhere to deflect.

He cannot blame Ryan. She is a Marine Corps officer, a former military appellate judge, a Clarence Thomas clerk, and his own appointee. The conservative legal establishment will not turn on her.

He cannot blame the career staff. Multiple Reuters sources reported that Ryan won over career staff by backing them in their dealings with companies under investigation, and that the broader tensions over Trump-circle cases — including Sun and Musk — were a source of frustration shared inside the Division. The career staff is the documentary record's witness pool — the people who will, if asked under oath, corroborate Ryan's account.

He cannot blame the law. The Sun settlement itself preserves the Howey investment-contract logic that, applied consistently, indicts WLFI — as Lee Reiners's Duke FinReg piece established.

He cannot blame the underlying facts. The Reuters reporting is corroborated by multiple sources speaking on background. The Senate letters are public. The Forbes valuations of the Trump family's WLFI take are public. The Dolomite borrowing transaction is on-chain and forensically traceable. The April 13, 2026 wallet provider exemption is in the SEC's own published staff statement. The underlying record is documentary, not testimonial — and documentary records cannot be cross-examined into submission.

He cannot blame the timing. The Sun settlement was filed on March 5, 2026. Ryan resigned on March 16, 2026. The Reuters story published on March 23, 2026. The Warren and Blumenthal letters arrived on March 30, 2026. The Waters letter arrived approximately a week later. That is a sequence of events that historically reads, in any oversight hearing, as cause and effect.

Atkins, in short, has no escape route. The trap is structural and the trap is closed.

What remains is the question of when Margaret Ryan herself will testify — because she will testify, and her testimony will be the inflection point of the entire story. The Senate document requests already pending — the Warren letter, the Blumenthal letter, the Waters letter — will, in a Democratic House and a more competitive Senate posture, produce subpoenas to Ryan herself,

demanding her own contemporaneous emails, drafts, calendar entries, internal memoranda, and recollections of her conversations with Atkins and other SEC officials about the Sun and Musk matters. Ryan, in turn, will face a binary choice: refuse the subpoena (which her professional record makes inconceivable), or comply.

Ryan will comply. And when she does, what she will say will not be remotely defensible from Atkins's chair. She will say — because the contemporaneous documentary record exists, and because she is a military judge who understands the sworn-testimony stakes — exactly what Reuters has already reported: that she wanted to enforce the law against allies of the President, and that the Chairman of the SEC and other Republican political appointees would not let her. That sentence, delivered under oath by a Marine Corps Gulf War veteran who clerked for Justice Clarence Thomas, ends Atkins's chairmanship. There is no subsequent press conference, no FOX News appearance, no Wall Street Journal op-ed that can rehabilitate a chairmanship after that sentence is in the *Congressional Record*.

Trump understands fall guys better than anyone in modern American politics. He understands that fall guys serve a specific function — to absorb political damage that would otherwise reach the principal — and that fall guys must be *replaced before they testify*, not after. A fall guy who has already absorbed the damage is a public liability; a fall guy fired before he testifies is a contained loss. The smart move, from the Oval Office's perspective, is to fire Atkins before Ryan is subpoenaed, replace him with a new SEC Chair who can publicly distance the agency from the prior administration's record.

So, the calculation walks itself out. The Reuters story is published March 23. Three Senate and House letters land within eleven days. The Cook Political Report shifts toward Democrats throughout April. The Duke FinReg piece on WLFI publishes on May 8. The next domino is a subpoena to Margaret Ryan, which becomes operational the moment House Democrats take the gavel in January 2027 — and Trump knows it. The cleanest, smartest, most political-damage-controlled move is to fire Atkins now, in mid-2026, while Trump still has unilateral control over the timing and the spin. Fire Atkins, install a clean replacement, let the replacement publicly reset the agency's posture toward Trump-circle enforcement, and let the new Chair negotiate Ryan's eventual testimony as a question of historical reckoning rather than current crisis.

Atkins's role in this script was always to be the regulator who absorbed the damage. The Margaret Ryan resignation made that role public. The Senate letters made it actionable. The Reuters reporting made it televisable. The fall guy slot has Atkins's name on it because Atkins put his own name there, by hiring Ryan, by failing to back his Enforcement Director when the conflicts emerged, and by allowing the documentary record to be built around him without making the corrective moves that might have closed off the documentary trail. The chairmanship ends because the structure of the chairmanship cannot survive what is coming. Trump's only meaningful decision is timing.

Reason #8: Atkins Has Unilaterally Defunded The SEC's Whistleblower Program — The One Mechanism Historically Capable Of Catching The Frauds His Enforcement Division Can No Longer Find, And Every Undetected Fraud From Here Forward Carries The Atkins Mark

This reason begins with the lesson the SEC was once forced to learn the hard way.

In May 1999, an independent securities analyst named Harry Markopolos first presented his analysis to the SEC's Boston Regional Office, following up with a formal written complaint in spring 2000, laying out in mathematical detail why Bernard Madoff's purported investment returns were arithmetically impossible. The SEC ignored him. He came back in 2001. The SEC ignored him. In November 2005, he submitted a 21-page memo titled *"The World's Largest Hedge Fund Is a Fraud,"* followed by further submissions in 2007 and 2008 — five separate submissions over nine years, each more detailed than the last.

The SEC ignored every one of them. By the time Madoff confessed to his sons in December 2008, an estimated $64.8 billion in client funds had vanished, the SEC's own Inspector General had to write a 457-page autopsy of the agency's failure, and Christopher Cox's chairmanship was over. The Madoff scandal — the largest Ponzi scheme in history, the one that ended an SEC chairman's career in disgrace, the one that made every senior enforcement attorney in the country swear *never again* — was, at its core, a whistleblower-protection failure. The agency had the truth handed to it on a platter, on letterhead, by a credentialed analyst, and it could not bring itself to read the documents.

The SEC's response to Madoff — and to the wave of accounting frauds that preceded it, the frauds Sherron Watkins exposed at Enron and Cynthia Cooper exposed at WorldCom, the women whom *TIME Magazine* named its 2002 Persons of the Year as "The Whistleblowers" — was the Dodd-Frank Whistleblower Program, enacted in Section 922 of the Dodd-Frank Act in 2010, with the SEC's Office of the Whistleblower established in February 2011 and the Commission's implementing rules taking effect August 12, 2011. The cultural consensus that produced the program was as broad as American politics gets. Senator Chuck Grassley, the Republican godfather of the federal whistleblower architecture, and Senator Elizabeth Warren are still co-sponsoring legislation to strengthen it. The architecture was simple and elegant.

A whistleblower whose original information leads to a successful enforcement action with sanctions exceeding $1 million is entitled to between 10 and 30 percent of the recovery. The awards are funded entirely by the sanctions collected — not by taxpayer dollars, not by Congressional appropriation, not by anything other than money taken from people the SEC has just proven broke the law. The program also includes statutory anti-retaliation protections, which matter because — as anyone who has practiced in this field for ten minutes knows — the people in possession of dispositive fraud evidence are almost always employees, advisors, or close commercial counterparties of the perpetrators, and they will not come forward without protection.

The program worked. As of the end of fiscal year 2023, the SEC had awarded almost $2 billion to nearly 400 whistleblowers, generating enforcement actions whose sanctions vastly exceeded the bounty payouts. In FY 2023 alone, the program awarded approximately $600 million — its largest single-year total in history. In FY 2024, the program awarded approximately $255

million. The system was self-funding, productive, statutorily mandated, and — for the first time in the agency's history — gave the SEC something approaching the eyes-and-ears capability the FBI takes for granted from confidential informants.

The bipartisan consensus underwriting the program is not Democratic invention. It is the position of Trump's own first SEC chair. Jay Clayton, who chaired the SEC from May 2017 to December 2020, called the program "a critical component of the Commission's efforts to detect wrongdoing and protect investors and the marketplace, particularly where fraud is well-hidden or difficult to detect." Clayton presided over what were, at the time, the program's largest awards in history. He was a Republican deregulator who ran on a "regulation by enforcement" critique — and he supported the whistleblower program because he understood it as the most efficient form of enforcement available to the SEC: paid for entirely by sanctions revenue, requiring no taxpayer outlay, and producing detection capability that no headcount of staff investigators could replicate. Atkins is therefore not breaking with the prior administration. He is breaking with Trump's own first SEC chair — a fact that, when raised in front of the right audience, ends the partisan defense.

That is the program Paul Atkins has now systematically dismantled. The numerical record is documentary and devastating.

What makes the dismantling particularly indefensible is that Atkins put his hostility to the program on the public record, under oath, fourteen years before he took the chairmanship. In sworn testimony to the Senate Banking Committee on July 12, 2011 — one month before the Dodd-Frank rules took effect — Atkins called the program a system that "creates perverse incentives" and warned that "the unintended consequences of unfounded charges from disgruntled employees with ulterior motives will be devastating for shareholders." He singled out the program's structure for incentivizing whistleblowers to "report out" to the SEC rather than "report up" through internal compliance — a structural complaint that, fourteen years later, the Atkins SEC's $125-million reduction of Michael Bacon's award has now exposed as cynical rhetoric. Bacon, the former Wells Fargo Chief Security Officer, *did* report internally first. The Atkins SEC penalized him for it. The 2011 Atkins position — that whistleblowers should report internally first — and the 2025 Atkins position — that internal reporting first is grounds for slashing a whistleblower's award by 70% — are mutually exclusive. The only consistent principle is the goal: find a reason to deny.

In FY 2025 — Atkins's first fiscal year as Chairman — total whistleblower awards collapsed to approximately $60 million paid to 48 individuals. That is a 76% decline from FY 2024 and a 90% decline from FY 2023. It is the lowest annual award total since FY 2017 — and FY 2017 itself was previously regarded as a low-water year. Bloomberg Law's July 22, 2025 review of all 65 final orders the SEC had issued that fiscal year identified what Bloomberg expressly called "the longest drought in the history of the program": between April 21 and July 15, 2025, the SEC denied awards in 31 consecutive orders covering at least 55 different tipsters. Bloomberg's review also identified the most damning timing detail: the three awards totaling $9 million the SEC finally issued on July 16 came exactly two days after Bloomberg Law contacted the agency asking about the absence of approvals — the agency's award-granting machinery, in other words, came back online when reporters started asking questions, not when the merits warranted it. By the time Better Markets ran its independent analysis of the full fiscal year, the consecutive-denial streak had grown to 46, and the grant rate during the period of Atkins's tenure had collapsed

to 13.3% — versus 29.7% in FY 2024 under his predecessor. Stephen Kohn, founding partner of the whistleblower advocacy firm Kohn, Kohn & Colapinto, named the dynamic: "They are looking for hyper-technical reasons to disqualify someone who was qualified, which is the exact opposite of what Congress intended."

The defense Atkins's allies will reach for first — that the denial rate reflects the SEC working through a backlog of frivolous tips — does not survive contact with the underlying data. Per the SEC's own FY 2025 Annual Whistleblower Report, the agency received approximately 27,000 tips in FY 2025 — an 8% *increase* over FY 2024's 24,980, and the highest tip volume in program history. The supply of information from would-be informants is at an all-time high. The bottleneck is not on the input side. It is at the gatekeeper.

Beyond the numbers, there is a tell that no opposing fact-checker can dispute, because it is verifiable in negative space: the SEC has stopped publicizing its whistleblower awards. Every prior chair, of both parties, has issued press releases announcing material awards — both to thank the tipsters and, more importantly, to advertise the program to the next generation of would-be informants. As Better Markets has documented by reference to the SEC's own What's New page, the Atkins SEC has not issued *a single* press release announcing a whistleblower award during his entire tenure. The agency whose mission is to publicize misconduct has gone deliberately silent on the program that exists to surface it. This is not a budget problem; press releases are free. It is a deliberate decision to ensure the next prospective whistleblower never hears the words "the SEC just paid one of you" from the SEC itself.

The size of the awards collapsed even more sharply than the totals. Through fiscal years 2020 to 2024, the largest single whistleblower award in each year was at least $40 million; the largest in FY 2024 was nearly $100 million; the all-time record, set in FY 2023, was $279 million. In FY 2025, the largest single award was $12 million — but as Better Markets has documented, even that figure was awarded on April 21, 2025 — *the day Atkins was sworn in*, with the order processed under his predecessor's administration. After that date, the largest single award the SEC granted in the entire remainder of FY 2025 was **$5.4 million**. The "Atkins SEC's largest award" is therefore approximately 1/52nd the size of the program's record award two years earlier. The signal sent to every prospective whistleblower deciding whether to risk a career to expose a fraud — that the upside is no longer remotely commensurate with the risk — could not be more deliberate.

Then came the first quarter of FY 2026. The SEC denied all 24 whistleblower award claims it adjudicated in October, November, and December 2025 — a 100% denial rate. This is, per Whistleblower Network News's analysis, only the second time since 2016 that the program issued zero awards in the opening quarter of a fiscal year. Even FY 2017 — the prior nadir — saw over $4.4 million awarded in its first quarter. The Atkins SEC has set a new floor.

The case study that makes the abstraction concrete has a name. On May 8, 2026, American Banker reported — confirmed the same day by the Financial Times — that Michael Bacon, the former Wells Fargo Chief Security Officer who walked federal investigators through the bank's fake-accounts scandal and helped produce the eventual $3 billion in combined sanctions, had been offered $179.5 million by the SEC's Office of the Whistleblower in July 2024 — what would have been the second-largest whistleblower award in SEC history. Bacon accepted. The order was never finalized. Then, in May 2025 — *two weeks after Paul Atkins was sworn in* —

the SEC slashed its determination to $54.5 million, a $125 million reduction. The SEC's own revised order, now public, acknowledges that Bacon provided "significant information" that "demonstrated the severity" of the violations and showed that "senior management was aware," and that he "provided extensive ongoing assistance throughout the course of the investigation." The hyper-technical reason given for the cut: Bacon had reported the misconduct internally to Wells Fargo management before reporting it to the SEC. His attorney, Vincent McKnight, told American Banker: "I feel like Charlie Brown — and Lucy and the football. Every time they put the ball down, and we come to kick it, they moved it . . . Nobody's arguing about his role. They're just coming up with creative ways to pay him less and less. Under the circumstances, their conduct seems arbitrary and capricious." Bacon is now appealing in federal court — meaning the Atkins SEC's whistleblower-denial methodology will, in due course, be reviewed by an Article III judge under an Administrative Procedure Act standard. *That* judicial record, when it lands, becomes its own subpoena bait.

The collapse coincides exactly with the rise of a regulatory posture that, by the SEC's own framing, was supposed to be more rather than less aggressive about *fraud*. In Atkins's April 7, 2026 enforcement results release, the agency went out of its way to emphasize that its new focus would be on "fraud, market manipulation, and abuses of trust" and "Ponzi schemes, offering frauds and disclosure failures." But fraud — especially Ponzi-scheme fraud and accounting fraud, precisely the category of misconduct that whistleblower tips are most necessary to detect. The complex, document-intensive, multi-year frauds the SEC says it now wants to prioritize are exactly the frauds an under-resourced enforcement division cannot find without insiders. Atkins has officially declared an enforcement war on a category of misconduct and quietly defunded the only mechanism by which that war can plausibly be fought.

The technical-detection point is not a marginal one. Most large securities frauds are not visible from the outside. They live inside the private email threads, inside the back-dated valuations, inside the off-balance-sheet vehicles, inside the conversations among senior management that never make it into the audit working papers. The post-2010 SEC enforcement record, when read carefully, shows that the cases producing the largest sanctions — the ones that protect the most retail capital — almost all started with an inside tip. The Theranos action against Elizabeth Holmes — driven by insider whistleblowers Tyler Shultz and Erika Cheung; the Volkswagen "clean diesel" emissions case, which was brought to federal attention through internal disclosure; the 2020 SEC-Wells Fargo $500 million settlement, which followed years of insider reporting through internal compliance; the post-Enron and post-WorldCom era of major accounting-fraud actions, all of which depended materially on insider testimony — across these cases, internal informants were not incidental but essential to the SEC's ability to plead and prove its claims.

Across the SEC's post-2010 whistleblower-program era, the agency itself reports that tips from insiders have driven hundreds of enforcement actions and over $6 billion in monetary sanctions. — every one of these traces back, in the public record, to whistleblower tips of one form or another. The whistleblower program is not a humanitarian gesture toward truth-tellers; it is an enforcement-effectiveness tool. Defunding it does not reduce fraud — it merely makes fraud invisible to the SEC.

Now layer the whistleblower defunding on top of the rest of the Atkins enforcement record, as documented elsewhere in this article. The Crypto Assets and Cyber Unit has been gutted, from approximately 50 attorneys to 30 . The agency has lost 871 senior employees and has had its

workforce reduced by 18%. The Director of Enforcement resigned in March 2026 over conflicts about pursuing fraud charges against allies of the President. The SEC Inspector General's December 2025 Statement on Management and Performance Challenges documented that the SEC's FY 2025 attrition rate of 17.8% was "over five times higher than the previous year," with some smaller offices losing as much as 26% of their staff and a 27% reduction in contract personnel — a depletion of judgment, settlement instincts, and trial-tested experience that the agency cannot quickly replace. And on top of all of this, the program that exists *specifically* to compensate for the loss of internal investigative capacity — the program designed to let the SEC see what its own under-resourced staff cannot — has been zeroed out.

The Atkins SEC has also closed the second of the program's two fronts. Under SEC Rule 21F-17, employers may not take any action to impede an employee from communicating with the SEC about possible securities violations — through severance agreements, non-disclosure clauses, or other gag mechanisms. The Gensler SEC made enforcement of this rule a deliberate priority: in FY 2024, the SEC brought 11 enforcement actions for impeding whistleblowing — a record, with the highest penalties ever assessed in this category, including a single combined $90 million action against two investment advisers that used unlawful separation agreements with nearly 300 departing employees. In the entire post-Atkins period of FY 2025, the SEC brought zero such cases and assessed zero dollars in penalties. The chilling effect is double-sided: whistleblowers face hyper-technical denials on the back end, and no protection from employer retaliation on the front end. The signal to compliance officers, in-house counsel, and HR departments at every regulated entity in the country is that gag clauses are once again safely usable.

The Atkins SEC has, in other words, gone *blind* — and not by accident.

The most damning self-incrimination is in the agency's own audited books. The SEC's 2025 Agency Financial Report, released January 16, 2026, set forth a range of $218 million to $655 million in "probable contingent liabilities" for FY 2025 whistleblower awards. In the language of federal financial reporting, "probable" means more likely than not — the agency's own CFO is therefore on the record certifying, in a document audited by the Government Accountability Office, that between a fifth and two-thirds of a billion dollars in valid whistleblower claims are sitting in the pipeline. The Atkins SEC awarded $60 million. The $158-million-to-$595-million gap between what the agency tells its own auditors it owes and what it has actually paid is the size of the program Atkins is dismantling — and it is a number the agency itself has put on the record.

Then there is the funding argument that should, in any rational regulatory environment, take this controversy off the table entirely. As a matter of black-letter Dodd-Frank statute, whistleblower awards are paid from the Securities and Exchange Commission Investor Protection Fund, which is funded exclusively from sanctions and disgorgement that the SEC collects in enforcement actions. No taxpayer money is involved. No Congressional appropriation is reduced. No fiscal discipline is being demonstrated by denying awards — because denying awards does not save a single dollar of public money. A whistleblower whose tip generates a $1 billion enforcement action and then receives $100 million as the statutory 10% bounty is not "costing" the government $100 million; the government still nets $900 million it would otherwise have collected nothing on. The denial of awards in this fiscal posture represents a pure deadweight loss of detection capacity, executed for no fiscal reason — only an ideological one.

And here is the political vulnerability that makes the whistleblower collapse a firing-grade exposure for the Atkins chairmanship.

Every undetected fraud from this point forward — every Tricolor analogue, every First Brands analogue, every WLFI-style insider-controlled token offering, every retail-targeted private credit pyramid — will, in time, surface. When it surfaces, the journalism that follows will retrace the timeline. The journalism will inevitably identify the people who tried to warn the SEC and were ignored. There are, statistically, going to be such people. There always are.

The Markopolos types do not vanish from the population just because Atkins stops paying them. They file tips, the tip is denied, they keep their records, they watch the fraud continue, and when the fraud finally cracks open, they give an interview to *60 Minutes* about what they told the SEC and when, and what the SEC did with the information. The interview is not a hypothetical; it is a near-mathematical certainty over a 12-to-24-month window once a whistleblower-detection collapse has been documented.

When that interview airs — and the timing is essentially independent of anything Atkins does in the meantime — the headline is brutal in its specificity: *SEC IGNORED WHISTLEBLOWER WHO TRIED TO STOP [Fill in the Blank] FRAUD*. The chyron writes itself. The Hill statements write themselves. Senator Grassley's office — Grassley being the bipartisan godfather of the modern federal whistleblower architecture — issues a release before the segment ends. Senator Warren issues a follow-up letter (her sixth, by my count, demanding answers from Atkins). The SEC Whistleblower Reform Act of 2025, already pending, gets accelerated to floor consideration. Maxine Waters, in possession of the House gavel by January 2027, schedules the hearing.

Atkins has no defense for that hearing. He cannot say the program was too generous — the awards are statutory, the percentages are fixed by Dodd-Frank, and the denial pattern is documented in his own agency's published reports. He cannot say the program was too expensive — it is paid entirely from sanctions revenue. He cannot say the denials reflected poor-quality tips — the SEC's denial volume includes tips that, by any measure available in the public record, met the statutory criteria. He cannot blame Margaret Ryan — she was not in office for most of the relevant denial period. He cannot blame the career staff — the Office of the Whistleblower has, throughout its existence, been a high-performing, low-controversy unit operating well within its statutory mandate. He cannot blame Congress — Congress wrote the program *specifically* to protect against the kind of regulator-captured indifference his SEC is now exhibiting.

Atkins's only available defense, when forced to articulate one in front of a televised committee, is that the SEC has been "scrutinizing claims more strictly" — which is exactly the language a captured regulator uses when it wants to deny statutory benefits without articulating a substantive reason. That defense reads on cable news, as exactly what it is.

Trump understands this calculus better than any modern president. The political damage from a denied-whistleblower-led-to-undetected-fraud headline is not contained at the agency level. It generalizes immediately into the broader corruption narrative that already surrounds the. And it generalizes immediately into the midterms. A single named whistleblower, with a documented file, on the cover of *60 Minutes*, holding up the rejection letter from Atkins's SEC, is the kind of image that ends presidencies — and Trump knows it, because he has run that play himself, against other administrations, for thirty years.

So, Trump fires Atkins before the image lands.

Atkins has, in 13 months, undone the single most important post-Madoff structural reform the SEC has implemented in the past quarter century — a reform that was specifically designed to prevent the next Madoff, that was paid for by the criminals it was used against, that cost taxpayers nothing, and that produced billions of dollars in fraud-detection value across the program's first 14 years of operation. He has done it quietly, without rulemaking, without notice-and-comment, and without ever explaining to Congress why a self-funding fraud-detection program with a $2 billion track record needed to be defunded by administrative attrition. The history of the SEC has been written largely by the regulators who failed to prevent the next Madoff. Atkins is now writing himself into that history in real time, with his own pen, on his own letterhead. The only remaining question is whether Trump fires him before the canonical Markopolos-of-2026 walks into a *60 Minutes* studio, or after.

Either way, the firing comes. Because the whistleblower never goes away. The whistleblower keeps the file. And the file, eventually, finds its audience.

Atkins did not just oversee this dismantling. He documented his hostility to the program in sworn Senate testimony in 2011, preserved it for the record for fourteen years, and then proceeded — within two weeks of his confirmation — to slash a single named whistleblower's preliminary award by $125 million. When Michael Bacon's federal appeal is briefed in front of an Article III judge, the briefs will quote that 2011 testimony back at Atkins as evidence of pretext. When the next Markopolos walks into a 60 Minutes studio holding the rejection letter, the chyron will not require any embellishment. The chairmanship ends because Atkins built the file himself.

Reason #9: The Atkins SEC Has Put Itself On The Public Record Holding Two Mutually Exclusive Legal Positions, And The Incoherence Trap Cannot Be Escaped From His Chair

This is the closing reason because it is the structural reason. Each of the prior nine reasons describes a particular vector of pressure on the Atkins chairmanship — political, economic, prosecutorial, ethical, generational. Reason #10 describes the doctrinal incoherence at the foundation of the Atkins enforcement posture itself, an incoherence that no amount of political defense, public-relations posture, or staff statement can paper over. The Atkins SEC, in the eleven months between February 2025 and March 2026, has officially taken two legal positions that cannot both be true. The first position is that most crypto assets are not securities and that the prior administration's Howey-based enforcement program was a fundamental "misinterpretation" of the federal securities laws. The second position is that the Tron Foundation's TRX and BTT tokens were offered and sold as investment contracts under Howey, such that a $10 million civil penalty against the Sun-controlled Rainberry entity is justified and that the SEC retains jurisdiction over those facts. Both positions are official Commission-level positions. Both positions are documented in the Federal Register, in official SEC press releases, in court filings, and in Atkins's own keynote speeches. And both positions cannot both be correct as a matter of black-letter securities law.

This is the trap that closes the chairmanship. Once the contradiction is publicly articulated — and it has been, by Lee Reiners on the Duke FinReg Blog on May 8, 2026 — the SEC's enforcement legitimacy on crypto collapses. Every subsequent enforcement action the agency might want to bring will be challenged, on the record, with a citation to the contradiction. Every defense the SEC might want to mount in court will be impeached, on the record, with a citation to the contradiction. Every congressional oversight hearing will surface the contradiction with a single question. There is no answer. There is only the choice of which side of the contradiction to abandon, and that choice is the choice that ends the chairmanship.

Begin with Position One: The Coinbase/Kraken/Binance dismissal track.

Beginning in February 2025 — before Atkins was even confirmed as Chair — the SEC began an aggressive program of dismissing crypto enforcement actions inherited from the Gensler administration. By April 2026, the Commission had formally announced and dismissed at least seven major cases: Coinbase, Binance, Cumberland, ConsenSys Software, Payward (Kraken), Dragonchain, and Balina. On the broader scale identified by House Democrats in their January 15, 2026 letter (signed by Reps. Maxine Waters, Sean Casten, and Brad Sherman), the SEC had dismissed or closed "at least one dozen" crypto-related cases, including the litigated cases against Binance, Coinbase, and Kraken, "in which it had received favorable rulings from the courts."

CoinDesk's contemporaneous reporting on the Coinbase dismissal — published February 27, 2025, the same day the SEC filed its joint stipulation for dismissal, and never publicly contradicted by the SEC — captured the doctrinal logic in one sentence: The regulator is no longer maintaining the interpretation of the U.S. Supreme Court's so-called Howey test that it said had indicated many crypto projects qualified as securities. The Commission abandoned its Howey-based theory of crypto enforcement and dropped the cases by formal vote — over the dissent of Commissioner Caroline Crenshaw, the SEC's sole Democrat at the time.

The Commission's own dismissal release contains the admission that detonates Position One. In SEC Press Release 2025-47, the agency stated that "the Commission's decision to exercise its discretion and dismiss this pending enforcement action rests on its judgment that the dismissal will facilitate the Commission's ongoing efforts to reform and renew its regulatory approach to the crypto industry, not on any assessment of the merits of the claims alleged in the action." The Commission also stated that "the Commission's decision to seek dismissal of this litigation does not reflect the Commission's position on any other case." Both statements are SEC admissions that the Position One dismissals are discretionary policy decisions, not merits judgments.

Once dismissal is admitted to be discretionary rather than principled, the entire "misinterpretation" framing collapses: a discretionary policy preference is not a finding that the law was misapplied. The Atkins SEC, in its first major dismissal release, gave the SEC's own future adversaries the language they need to argue the agency cannot coherently distinguish *why* it walked away from Coinbase but settled Sun.

Critically, in the most prominent of these dismissals federal courts had already rejected the defendants' motions to dismiss — and rejected them on Howey grounds. In *SEC v. Coinbase*, Judge Katherine Polk Failla of the Southern District of New York ruled in March 2024 that "the well-pleaded allegations of the Complaint plausibly support the SEC's claim that Coinbase operated as an unregistered intermediary of securities" because "the challenged transactions fall comfortably within the framework that courts have used to identify securities for

nearly eighty years." She held that the SEC had "adequately pleaded that Coinbase customers engaged in transactions involving the Crypto-Assets that amounted to 'investment contracts' under Howey." In *SEC v. Kraken*, Judge William Orrick of the Northern District of California ruled in August 2024 that "the SEC has plausibly alleged that at least some of the cryptocurrency transactions that Kraken facilitates on its network constitute investment contracts, and therefore securities, and are accordingly subject to securities laws." Both rulings remain good law. The Atkins SEC's characterization of those very prosecutions as "misinterpretation" therefore places the Commission in direct doctrinal conflict not just with itself but with two named federal judges whose Howey applications remain on the record. The SEC dismissed cases that two Article III courts had already certified as legally viable, under the same Howey test the Sun settlement now silently affirms.

On March 17, 2026, the SEC and CFTC jointly issued a formal interpretation of how the federal securities laws apply to crypto assets — Press Release 2026-30 — formalizing the Position One framework. Atkins stated, in the official agency release: "after more than a decade of uncertainty, this interpretation will provide market participants with a clear understanding of how the Commission treats crypto assets under federal securities laws. This is what regulatory agencies are supposed to do: draw clear lines in clear terms. It also acknowledges what the former administration refused to recognize – that most crypto assets are not themselves securities." The interpretation classifies crypto assets into five categories — digital commodities, digital collectibles, digital tools, stablecoins, and digital securities — and treats only the last category as falling within the SEC's regulatory remit.

That is Position One. Stated plainly: most crypto tokens are not securities, the Howey-based enforcement framework as applied by the prior administration was a misinterpretation of the law, and twelve major enforcement cases were dismissed by formal Commission vote on the strength of that legal position. Position One is in SEC Press Release 2026-30, in the SEC-CFTC joint interpretation document, in the April 7, 2026 enforcement results release, in joint stipulations for dismissal filed in federal courts in the Southern District of New York and elsewhere, and in Atkins's own keynote speeches.

The contradiction operates in real time. On April 7, 2026 — when the SEC issued its enforcement results release labeling seven Howey-based crypto cases "misinterpretation of the federal securities laws" — the Sun consent judgment was *already pending before Judge Ramos*, awaiting his signature, on a theory that depended on Howey applying to TRX. The same Commission that called the seven dismissed cases misinterpretation was, in the same week, prosecuting a Howey-based claim against Rainberry under what was indistinguishably the same theory it was publicly disavowing. The "misinterpretation" characterization is therefore not a retrospective judgment about past prosecutorial overreach. It is a statement the Commission made about its own active prosecutorial posture, one week before that posture produced a $10 million civil penalty in federal court.

The doctrinal architecture of Position One is not anonymous staff work product. Atkins personally laid it out in keynote remarks at the Federal Reserve Bank of Philadelphia on November 12, 2025, four months before the Sun settlement. In the official SEC.gov transcript, Atkins said: *"I believe that most crypto tokens trading today are not themselves securities,"* and elaborated: *"Investment contracts can be performed and they can expire. They do not last forever simply because the object of an investment contract continues to trade on a blockchain. Yet over*

the last several years, too many have asserted the view that if a token was ever subject to an investment contract, it would forever be a security." He framed the new Howey approach as recognizing "the fact that investment contracts can come to an end." That speech is the conceptual blueprint for the March 17, 2026, joint interpretation. It is also Atkins's own pre-commitment, in his own voice, on the official record of the agency he chairs, to the doctrinal position that the Sun settlement — voted three months and three weeks later — formally contradicts. The Sun settlement is not, therefore, a contradiction between Atkins and the prior administration. It is a contradiction between Atkins of November 12, 2025, and Atkins of March 5, 2026. Atkins is the architect of both positions, and there is no version of the dispute in which he is not personally on both sides.

Now consider Position Two: the Sun settlement track.

The composition of the Commission that approved the Sun settlement is itself part of the trap. By March 5, 2026, when the Commission filed the proposed consent judgment, Commissioner Caroline Crenshaw — the SEC's last remaining Democratic commissioner and the sole dissenter on the Coinbase dismissal — had already departed the agency, her seat vacant since January 2, 2026. The Sun settlement was therefore approved by an all-Republican three-member SEC — Chair Atkins, Commissioner Peirce, and Commissioner Uyeda — without a single dissenting voice on the record. The same three commissioners who, only weeks earlier, had unanimously embraced the Position One framework that "most crypto assets are not themselves securities", then unanimously approved a Position Two settlement whose entire jurisdictional theory depends on Howey applying to TRX. There is no "the Democrats made us do it" defense available. There is no "we inherited this from Gensler" defense available, because the *settlement decision itself* — and the legal theory underlying it — was made by Atkins, Peirce, and Uyeda in March 2026. The contradiction was confirmed by unanimous vote.

Twelve days before Atkins's March 17, 2026 statement that "most crypto assets are not themselves securities," the SEC filed — on March 5, 2026 — its proposed consent judgment in *SEC v. Sun Yuchen et al.*, the long-running 2023 enforcement action against Justin Sun, the Tron Foundation, the BitTorrent Foundation, and Rainberry, Inc. Under the proposed consent judgment, Rainberry, Inc. agreed to pay a $10 million civil penalty and accept a permanent injunction against future violations of the federal securities laws, while the SEC moved to dismiss with prejudice all claims against Sun personally and against the Tron Foundation and the BitTorrent Foundation.

The doctrinal posture of the Sun settlement is the critical fact. The settlement specifically resolved a Section 17(a)(3) wash-trading claim under the Securities Act of 1933 — an anti-fraud provision that, by its statutory terms, applies only to fraud "in the offer or sale of any securities." For the SEC to assert jurisdiction over the wash trading and impose a $10 million civil penalty, the Commission necessarily had to maintain that the underlying TRX trades involved the offer and sale of *securities*. And in the absence of TRX being itself a stock or bond, that meant maintaining that TRX had been offered and sold subject to an investment contract under the Howey framework. The SEC has confirmed exactly this through a source familiar with its thinking, on the record to Decrypt on March 11, 2026: "The SEC has jurisdiction because it alleged in the amended complaint that, at the time of the wash trading, TRX was offered and sold subject to an investment contract." That is a Commission representation about Howey

applicability, made on the record, twelve days before the Commission Chair publicly declared that "most crypto assets are not themselves securities."

As Lee Reiners articulated the point on the Duke FinReg Blog on May 8, 2026: "the proposed settlement did not require Sun to admit wrongdoing. But to impose the penalty, the SEC still had to assert jurisdiction, meaning the Commission effectively maintained that, at least at the relevant time, TRX had been offered and sold as part of an investment contract."

Reiners's piece does not stop with diagnosing the contradiction. It identifies the closing trap. The same Howey framework the Atkins SEC just used to extract a $10 million penalty from Sun applies, in Reiners's analysis, even more cleanly to the Trump family's own WLFI token. WLFI was sold in approximately 25 billion-token presales before the underlying protocol was operational; was marketed using the Trump family name with Trump himself listed at one point as "Co-Founder Emeritus"; and is structured so that DT Marks DEFI LLC, a Trump-affiliated entity, retains 75% of net proceeds from token sales. Under the Sun-settlement framework — under which a token "offered and sold subject to an investment contract" remains within the SEC's enforcement jurisdiction even after registration claims are dropped — WLFI is the cleanest unregistered-securities target available to the Commission. Reiners frames the closing question in plain English: *"The SEC has the legal authority to investigate World Liberty. But do they have the integrity and independence to investigate a crypto venture in which the president and his family have a direct financial stake?"*

Either the Atkins SEC investigates WLFI — politically impossible — or it refuses to, which makes the political-favoritism narrative undeniable. Both outcomes end the chairmanship. This is why the Reiners piece is positioned to be the first of many, and why it identifies the specific successor target that turns the doctrinal contradiction into a presidential decision.

The legal academy's conclusion was equally direct. Decrypt's contemporaneous March 11, 2026, analysis put the doctrinal contradiction in plain English: "To impose the fine, the SEC effectively asserted that TRX had been offered as a security at some point. Experts say this position could complicate the regulator's narrative that most crypto tokens fall outside securities law."

That is Position Two. Stated plainly: TRX and BTT were offered and sold as investment contracts under Howey. The Commission has jurisdiction. A $10 million civil penalty is appropriate. The Howey framework applies to crypto tokens — including, specifically, the categories of crypto tokens at issue in the Sun matter, which are TRX (a layer-1 blockchain native token) and BTT (a utility/governance token issued in connection with the BitTorrent Foundation). Position Two is also on the SEC's website, in court filings in the Southern District of New York, and in the contemporaneous press releases.

The two positions cannot both be correct.

The political fuel that turns this doctrinal contradiction from academic curiosity into presidential headache is the Sun pay-to-play record. By the time the Atkins SEC filed its settlement, Sun had — on the documentary record — committed approximately $175 million to Trump-family crypto ventures: at least $75 million in WLFI tokens, making him World Liberty Financial's largest individual investor; approximately $100 million in the TRUMP memecoin, making him its top purchaser; plus attendance at a Trump-hosted gala dinner for top memecoin holders. And the Atkins SEC's first action in the Sun case — the February 26, 2025 motion to stay — was filed

less than five weeks after Trump's inauguration and the launch of the TRUMP memecoin. House Democrats characterized this in their January 15, 2026 letter as creating an "unmistakable appearance of a pay-to-play arrangement: a defendant to an SEC enforcement action pours tens of millions into ventures tied to the President's family, and shortly thereafter his case is stayed."

The political logic of the contradictory settlement structure becomes legible against this backdrop. The Commission had two doctrinally clean options: dismiss the Sun case on Howey-rejection grounds like Coinbase, or settle it on Howey-application grounds. The first option would have given Sun a fully clean exit at zero penalty — politically indefensible given the $175 million payment trail. The second option preserved Howey applicability to TRX and produced the $10 million face-saving penalty — but at the cost of the doctrinal contradiction that now closes the chairmanship. Atkins chose the contradiction because the alternative was a corruption-shaped headline. Read them side by side:

- **Position One**: Most crypto assets are not themselves securities. The prior administration's Howey-based crypto enforcement program was a misinterpretation of the federal securities laws. The Commission has dismissed twelve major enforcement actions on this basis.
- **Position Two**: TRX and BTT were offered as investment contracts under Howey. The Commission has jurisdiction over such conduct under the federal securities laws. A $10 million civil penalty against the Rainberry entity is appropriate. The proposed consent judgment is now pending before Judge Edgardo Ramos in the Southern District of New York.

The most important fact about these two positions is that they are not internally consistent and they were taken twelve days apart. The Sun settlement was filed on March 5, 2026. The Atkins "most crypto assets are not themselves securities" statement was issued on March 17, 2026. Both are official Commission positions, and the Sun consent judgment formally and necessarily depends on the Howey framework that the March 17 statement formally and necessarily disclaims.

This is not a subtle academic objection. It is the kind of doctrinal incoherence that, in any other agency context, would generate immediate D.C. Circuit reversal under the Administrative Procedure Act's prohibition on "arbitrary and capricious" agency action. It is the kind of incoherence that the SEC's own Office of General Counsel would, under any prior chairmanship, have refused to allow on the record. It is the kind of incoherence that every securities litigator in the country can see at first read. And it is the kind of incoherence that, once the legal academy starts publishing on it — and the Reiners piece is the first such publication — gets cited in every subsequent crypto enforcement defense brief filed in federal court.

Now consider the practical consequences.

The Atkins SEC has, through the Position One/Position Two contradiction, lost the ability to coherently explain its own enforcement posture to any of three audiences that matter:

Audience One -- the federal courts. Every defense lawyer in every future crypto enforcement action will, in their first motion brief, cite the Position One/Position Two contradiction to argue that the SEC's enforcement priorities are arbitrary and that the agency's Howey-application

framework cannot be coherently applied. The argument writes itself: *Your Honor, the Commission has stated, on its own authority and in the Federal Register, that "most crypto assets are not themselves securities" and that the prior administration's Howey-based crypto enforcement was a "misinterpretation" of federal securities laws. The Commission has dismissed twelve enforcement actions on that basis. Yet in this matter, and in the Sun matter pending before Judge Ramos, the Commission asserts that the very same Howey framework supports federal jurisdiction. The Commission cannot have it both ways. The defendant respectfully moves for dismissal under [the relevant standard].* That argument may not always prevail — and federal judges have wide latitude in how they treat such arguments — but it will force the SEC, in every subsequent brief, to publicly choose which position to maintain. Every choice gets put on the record. Every choice forecloses the alternative position. The Commission's posture deteriorates with every filing.

Audience Two -- Congress. The hearing question does not need to be hypothesized; it has already been asked. In a February 11, 2026 House Financial Services Committee oversight hearing — six weeks before the Sun settlement was filed — Ranking Member Maxine Waters pressed Atkins directly on the Sun matter, the WLFI investments, and the Commission's selective enforcement. Atkins's response is preserved on the hearing record: he stated that he could not discuss specific cases publicly and offered a confidential briefing instead. That answer is itself documentary evidence of the trap, because no public answer is available. Waters articulated the contradiction directly: "These cases were dismissed, despite the fact that the SEC was winning in court, proving that the SEC's crypto enforcement program was well-grounded in the law." And Atkins has not been able to surface a public response to that critique in the ninety days since. Every subsequent hearing — and there will be one, because Waters has already formally requested a follow-up — will compound the same contradiction with new, more specific questions: *Chairman Atkins, on March 5, 2026, your Commission filed a $10 million proposed consent judgment in the Sun matter, in which the SEC necessarily maintained that TRX had been offered subject to an investment contract under Howey. Twelve days later, you issued a joint interpretation with the CFTC asserting that most crypto assets are not themselves securities and that the prior administration's Howey-based enforcement was a misinterpretation of federal securities laws. Please explain to this committee how both of those positions can simultaneously be the official position of the Commission you chair.* There is no clean answer.

The political exposure has a hard deadline. As of late December 2025, Kalshi prediction markets had Democrats at 75% probability of retaking the House majority in November 2026. If those markets are right, Maxine Waters — already the SEC's most aggressive congressional critic on the Sun and WLFI matters — becomes Chair of the House Financial Services Committee in January 2027, with subpoena power. The hearings she has been requesting-but-not-receiving become hearings she controls. The closed-session deflection Atkins used on February 11, 2026, stops being available, because Waters as Chair sets the rules. From the day the November 2026 results are reported, every additional Atkins enforcement decision is being made in the shadow of probable subpoena exposure on the same contradiction. The trap, in other words, has a clock — and the clock is the midterms.

Audience Three -- the legal academy. Reiners's May 8, 2026, Duke FinReg Blog piece is the first major published academic articulation of the Position One/Position Two contradiction. It will not be the last.

Within ninety days, expect *Yale Journal on Regulation*, the *Stanford Law Review Online*, the *Columbia Law Review Forum*, and the *Harvard Law School Forum on Corporate Governance and Financial Regulation* to publish parallel pieces. Within six months, expect the standard securities-law treatises — Hazen, Loss & Seligman — to incorporate the contradiction into their discussions of crypto-asset enforcement. Within one year, expect the contradiction to be a teaching example in every law school securities-regulation course in the country. Each of these publications and citations becomes a permanent part of the documentary record that defense lawyers cite, that congressional staff reference, that journalists rely on, and that the next administration's transition team uses to write the post-Atkins agency-reset memorandum.

There is no escape from the trap from inside the Atkins chairmanship.

Atkins cannot reconcile the two positions through additional staff statements, because every additional staff statement is itself part of the documentary record that defense lawyers will subpoena and cross-examine. Atkins cannot reconcile the two positions through additional rulemaking, because the rulemaking process requires Federal Register publication and notice-and-comment, both of which surface the contradiction publicly. Atkins cannot reconcile the two positions through silence, because the contradiction is already in the public record and is being amplified by the academic and trade-press writing cycle. Atkins cannot reconcile the two positions through new enforcement actions, because every new enforcement action gets challenged on Position One/Position Two grounds. Every move Atkins makes from his chair makes the trap worse.

The only way out of the trap is a new Chair.

A new SEC Chair, taking office in mid- to late 2026, can issue a "comprehensive review of the Commission's recent crypto enforcement posture," can quietly distance the agency from the Sun settlement (or, alternatively, can quietly distance the agency from the March 17, 2026 staff statement), and can articulate a single coherent doctrinal framework going forward. Either direction the new Chair takes — re-tightening toward the Howey framework, or further loosening away from it — is more defensible from a clean slate than from Atkins's contradictory record. The new Chair gets to say, in effect: "I am responsible for this agency's posture from this date forward. Prior enforcement decisions were made under different leadership and reflect a transitional period. The Commission's framework going forward is X." That speech is available to a new Chair. It is not available to Atkins, because Atkins is the architect of both contradictory positions and any speech he gives that resolves the contradiction necessarily concedes that one of his prior positions was wrong.

Trump, who reads political pressure faster than he reads policy briefs, will see the trap closing on his SEC Chair. He will see the academic citation cycle generating embarrassing headlines. He will see the defense-lawyer briefs being filed and reported on. He will see the Democratic oversight hearings teeing up the cross-examination questions. And he will recognize that the doctrinal incoherence at the foundation of Atkins's chairmanship cannot be defended from his chair — that the only available move is to replace the Chair and let a successor reset the agency's posture.

The Sun settlement, by preserving the Howey framework, formally guaranteed that the Coinbase/Kraken/Binance dismissal posture cannot be sustained. The contradiction is now permanent and on the public record. It will not resolve itself. It will be resolved when it begins

producing the specific news cycle that Trump cannot tolerate: the headline that the SEC chairman who declared most crypto is not a security extracted a $10 million crypto-as-security penalty from the man who paid the Trump family $175 million — while declining to investigate the Trump family's own crypto token under the same Howey framework. That headline will arrive. It will arrive in the discovery filings from Sun v. World Liberty Financial. It will arrive in the Yale Journal on Regulation Notice and Comment piece that follows the Reiners article. It will arrive in the Waters-led oversight hearing that, if the Kalshi prediction markets are right, Waters chairs in January 2027. It will arrive in the defense brief filed in the next crypto enforcement action — and there will be a next one — citing the Sun settlement's Howey-applicability theory against the Atkins SEC's "misinterpretation" framing. Each arrival makes the chairmanship more politically costly. Trump fires people when they become politically costly.

The only personnel change that can resolve the trap is the firing of Paul Atkins.

Reason #10: Atkins Has Bet His Chairmanship On Blockchain Being The Fourth Industrial Revolution, And The Companies Actually Building The Future Have Already Moved On

The Paul Atkins mantra is simple and clear: Blockchain is the future of American finance. This is the bet Paul Atkins has made — explicitly, publicly, and on the record. The United States must reorient its securities-regulatory framework to ensure American leadership in what he has called "a defining moment for American leadership in the crypto asset markets" and a "generational opportunity." He has called the President's Working Group Report "the blueprint to make America first in blockchain and crypto technology." This is the technology Paul Atkins has staked his chairmanship on — the technology he has called a generational opportunity for American capital markets.

He has launched "Project Crypto." He has previewed "Regulation Crypto," a forthcoming Commission rulemaking package containing tailored disclosures, exemptions, and safe harbors for crypto asset distributions. He has embraced the President's goal of making America "the crypto capital of the planet." His July 31, 2025 speech, his November 12, 2025 keynote at the Federal Reserve Bank of Philadelphia, the March 17, 2026 joint SEC/CFTC interpretation, and the April 2026 ACT framework rollout — every major institutional act of his chairmanship has been organized around this central claim.

But Atkins's blockchain claim is wrong. It is not arguably wrong, or contestably wrong, or wrong-from-one-perspective. It is empirically, technologically, and commercially wrong, and the institutions best positioned to assess the question have already rendered their verdict. This is the bet with no political upside, because the people whose endorsement would matter most are not endorsing it, and the technological tide it depends on is not coming in.

The bet is not metaphorical. On December 3, 2025, in an interview with Maria Bartiromo on Fox Business' Mornings with Maria, Atkins predicted — on the record, on camera — that the entire U.S. financial market will migrate to blockchain infrastructure within two years. *"This is not about decades,"* he said. *"It's about the next few years."* He elaborated that the migration *"will bring huge benefits with respect to decreasing risk and making things much more predictable*

and transparent on-chain." That prediction has a falsification date: December 3, 2027. By that deadline, either the entire U.S. financial market will be running on blockchain rails — equities settlement, bond clearing, FX, derivatives, repo, securities lending, custody, the works — or the chairman of the Securities and Exchange Commission will have made the most publicly unsound infrastructure forecast in the modern history of American financial regulation. The first option is impossible. The second option is the political problem.

Start with who is actually betting on what.

Amazon, Microsoft, Alphabet/Google, Apple, Meta, and Oracle — the five hyperscalers that build the computational infrastructure the global economy runs on — are collectively projected to spend between $600 billion and $690 billion on capital expenditure in 2026, with roughly $450 billion of that going directly to AI infrastructure. Amazon alone will spend $200 billion, Alphabet $175-185 billion, Meta $125-145 billion, Microsoft tracking toward $120 billion or more, and Oracle $50 billion. Blockchain is not part of that spend. It is not part of any plan. Read their most recent Forms 10-K. Listen to their earnings calls. Search their investor presentations. Blockchain appears as, at best, a footnote — never as a strategic priority and never as a meaningful capital allocation.

The hundreds of billions of dollars being committed to AI infrastructure are not being committed to blockchain infrastructure. The companies have not denounced the technology. They have done something quieter and more conclusive: they have conspicuously routed past it.

The companies with the most engineering talent, the most direct commercial incentive to identify utility, and the most sophisticated infrastructure to deploy it have, after a decade of evaluation, declined to participate. They have done something quieter and more conclusive: they have routed past it.

Now consider who has not routed past it: Paul Atkins. The chairman of the Securities and Exchange Commission is now, by any reasonable measure, more enthusiastic about blockchain technology than Oracle, Microsoft, Amazon, Apple, Meta and Google combined. A securities regulator is publicly more bullish on a database architecture than the companies that build databases for a living. That asymmetry is absurd on its face. Asymmetries this large in technology adoption do not survive contact with reality. They get resolved.

Then look at the empirical record blockchain has compiled in the seventeen years since its 2008 invention.

The trade finance graveyard alone is dispositive. In 2019, four major blockchain trade finance networks were operating, each backed by dozens of the world's largest banks and hundreds of millions in capital. By the end of 2023, all four were dead. TradeLens, the IBM-Maersk supply chain platform that a 2018 WTO research publication speculated could become "the biggest disruptor to the shipping industry and to international trade since the invention of the container" if projects of that kind succeeded, shut down in November 2022 after years of investment failed to produce industry collaboration. We.Trade, a consortium of twelve major European banks including Deutsche Bank, HSBC, Santander, Société Générale, and UBS, filed for insolvency in June 2022.

Marco Polo, backed by more than thirty banks including Commerzbank, BNY Mellon, SMBC, ING Ventures, BNP Paribas, and Mastercard, entered insolvency proceedings in February 2023 — collapsing in significant part because a $12 million integration deal with Bank of America fell through following the FTX collapse, and Marco Polo could find no replacement investor. The company had raised $95 million before failing.

The technology's most committed corporate sponsor has also walked away. IBM, which called itself "the blockchain leader for business" in its 2017 annual report, has quietly dismantled its blockchain unit. By early 2021, IBM had cut its blockchain team "down to almost nothing" after missing revenue targets by 90 percent. On April 30, 2023, IBM officially ended support for its IBM Blockchain Platform software. IBM had been the lead technology partner on TradeLens (dead), We.Trade (dead), Walmart Food Trust (dormant), and Hyperledger Fabric (the foundational software stack for most enterprise blockchain projects). When the corporate world's most committed institutional blockchain advocate quietly retires its own platform — and removes the word "blockchain" from its annual statements — that is not a competitor walking away. That is the technology's most credentialed corporate champion admitting the bet did not work.

Contour, a letter-of-credit network whose shareholders included Bangkok Bank, BNP Paribas, Citi, CTBC, HSBC, ING, SEB, SMBC, and Standard Chartered, announced its shutdown in late October 2023 and ceased operations on November 30, 2023. Its bank shareholders refused to fund a new financing round despite the network having reduced letter-of-credit processing times in test transactions; commercial transaction volume never reached a level its investors considered viable.

Every one of these consortia was assembled by the most sophisticated financial institutions on earth, capitalized to a level any traditional database vendor would envy, and given years to demonstrate utility. None of them produced anything. Every single one died.

The pattern repeats wherever blockchain has been seriously attempted. The Australian Securities Exchange spent seven years and roughly $168 million trying to replace its clearing-and-settlement system with blockchain before scrapping the project in 2022 and announcing it would use, in the project director's words, "more conventional technology." Microsoft quietly terminated Azure Blockchain-as-a-Service in 2021 with no substantive explanation after six years of development. The B3i insurance consortium, which included Zurich, Swiss Re, Allianz, Generali, and SCOR, dissolved in 2022 after failing to raise new capital.

Walmart, in partnership with IBM, launched the Walmart Food Traceability Initiative in 2018 alongside Nestlé, Dole Food, Driscoll's, Kroger, Tyson Foods, and Unilever — supposedly the model implementation of blockchain for global supply chains. In the four years between launch and 2022, exactly one additional item was added to the platform. The world's largest retailer, operating the highest-profile blockchain food-traceability project on earth, with all the engineering and commercial incentive to succeed, succeeded in onboarding one new item in four years. That is not a hostile critic's characterization. That is the platform's documented adoption rate.

Everledger, the diamond-provenance startup backed by Tencent and the Australian government, collapsed despite securing more than fifty million dollars. The California Department of Motor Vehicles announced a blockchain-based consumer car-title application that

was supposed to launch in the first quarter of 2025; as of April 2026, the application has never launched, and the project has gone completely silent. According to Gartner, only five percent of enterprise blockchain projects ever reach production, and ninety percent of those that do require replacement within eighteen months to remain competitive. Years ago Gartner predicted blockchain would generate $3.1 trillion in new business value by 2030. That prediction has been quietly retired from Gartner's active research materials.

McKinsey reached the same conclusion seven years ago, and the seven years since have only deepened it. In a January 2019 analysis titled "Blockchain's Occam Problem", three McKinsey partners wrote: *"Despite billions of dollars of investment, and nearly as many headlines, evidence for a practical scalable use for blockchain is thin on the ground.* They diagnosed the structural problem with the technology — that it rarely satisfies Occam's razor, the principle that the simplest available solution is usually the right one — and concluded: *"The fact was that billions of dollars had been sunk but hardly any use cases made technological, commercial, and strategic sense or could be delivered at scale."*

The Occam Problem was the diagnosis. The seven years since have been the prognosis: the trade finance graveyard, the ASX collapse, the B3i dissolution, the Microsoft Azure retirement, the Meta Reality Labs catastrophe, the NFT collapse, the IBM blockchain unit reduction to a near-shell. Every subsequent year has produced more evidence that McKinsey's framing was correct. Paul Atkins is now betting his chairmanship on a technology McKinsey diagnosed as failing the simplest possible test of utility in 2019, and on which every subsequent year of evidence has confirmed the diagnosis.

Then there is the consumer side, which has been worse.

The non-fungible token market — blockchain's flagship consumer product, the application that was supposed to prove digital ownership to the world — has collapsed by ninety-three percent in trading volume since its 2021 peak. Ninety-six percent of NFT collections are now considered dead, generating no trading volume and no community engagement. The number of active NFT traders dropped 96 percent — from 529,101 at peak in 2022 to 19,575 by Q1 2025.

Christie's, the auction house that helped launch the NFT frenzy with a sixty-nine-million-dollar Beeple sale, has quietly closed its digital art department. Sotheby's has retained three NFT staffers. Nifty Gateway, the most prominent NFT marketplace, shut down in February 2026. The metaverse — blockchain's other flagship consumer narrative, the technology Mark Zuckerberg renamed his entire company to pursue — has incinerated $83.6 billion of Meta shareholder capital since 2020, with another $19.19 billion lost in 2025 alone.

In March 2026, Meta announced it would delist Horizon Worlds from the Quest Store and end VR access by June 15, 2026. After user backlash, Meta CTO Andrew Bosworth partially reversed course, saying existing VR worlds would remain available — but confirmed Meta is no longer developing new VR content for the platform and that the future of Horizon Worlds is the mobile app. Meta has raised its 2026 capital expenditure guidance to $125–145 billion, up from a prior range of $115–135 billion — nearly double its 2025 spending, all of it directed at AI rather than the metaverse. The word "metaverse" no longer appears in any of Zuckerberg's public remarks.

The consumer-product collapse alone — NFTs and the metaverse — represents one of the most expensive failed technology experiments in the history of innovation, comparable in capital incinerated to the dot-com crash of 2000. And the SEC chairman, in 2026, is still making this technology the cornerstone of American financial policy.

The institutional consensus on this question is not speculative. It has been documented, signed, and put on the record by the technologists who actually build the systems Atkins is talking about.

The Concerned.tech Letter, sent to congressional leaders in June 2022 and signed by more than 1,500 professors, scientists, and engineers, was led by 26 named principal signatories whose individual credentials are themselves the indictment: Bruce Schneier (Harvard Kennedy School), Kelsey Hightower (Principal Engineer, Google Cloud), Grady Booch (IBM Fellow, co-creator of UML), Miguel de Icaza (founder of GNOME and former Microsoft engineer), Jorge Stolfi (professor of computer science, UNICAMP), Cory Doctorow, Molly White, and David Gerard. The broader signatory list included 45 Google employees, 19 Microsoft employees, and 11 Apple employees, along with computer scientists from MIT, Stanford, Carnegie Mellon, and Oxford. These are not abstract critics. These are the people whose books are required reading in graduate-level computer science programs and whose engineering work runs the infrastructure of the modern internet.

The letter's central claim, written by people who design and maintain the world's largest computational systems: *"Blockchain technology is poorly suited for just about every purpose currently touted as a present or potential source of public benefit."* The letter then warned Congress not to *"create a regulatory safe haven for these risky, flawed, and unproven digital financial instruments."* The first half of that warning is exactly what Project Crypto, Regulation Crypto, the March 17 joint interpretation, and the April 2026 ACT framework collectively constitute. The signatories told Congress this would be a mistake. Atkins is making the mistake, on the record, with a hard date attached.

The Concerned.tech Letter told Congress, in writing, that blockchain technology was unsuitable for the use cases its promoters claimed for it. It is now 2026. Every specific technical prediction in that letter has materialized. The trade finance consortia they warned would not scale did not scale. The supply-chain applications they warned would not produce utility did not produce utility. The consumer products they warned would collapse have collapsed. The experts were right. The promoters were wrong. And the SEC chairman is choosing — in the face of this completed empirical record — to align his entire institutional legacy with the side that lost.

An independent researcher in 2024 examined the top thirty-four results Google returned for the query “blockchain production users.” Thirteen of the projects were already dead. Six were useful only inside the crypto and NFT ecosystems. Fourteen used blockchain in a way where removing the blockchain entirely would not affect functionality. The remaining single project was Chainalysis — the company whose entire business model is helping law enforcement reverse blockchain’s anonymity properties to track criminals, and the single most commercially successful enterprise blockchain application on earth, reaching approximately $250 million in annual recurring revenue by the end of 2024 and a $2.5 billion valuation, with the majority of its revenue coming from government contracts.

Chainalysis’s federal customers include the FBI, DEA, ICE, IRS, Secret Service, the Department of Defense, the SEC itself, the CFTC, FinCEN, and the Department of the Air

Force. Government contracts now comprise the majority of Chainalysis revenue. The most successful enterprise blockchain company on earth, in other words, is the one whose entire business model is engineered to defeat blockchain's central design feature — its anonymity — by tracking criminals through the public ledger. After nearly twenty years, that is what the technology has produced.

The intellectual premise of the Atkins SEC — that blockchain represents transformative innovation the agency was wrongly suppressing — is empirically and legally unsound. He labels the conflation of permissioned enterprise databases with public-blockchain utility "the central deception of blockchain promoters." Consider the extensive record of blockchain failures meticulously detailed in serious academic works in an analysis of the trade finance graveyard, the NFT and metaverse collapses, the Concerned.tech Letter, the conspicuous Big Tech silence on blockchain in 10-K filings, and countless examples of blockchain's consistent failure year after year, decade after decade.

Every other reason in this analysis exposes Atkins to a specific institutional adversary — Iran enforcement to the FBI and Treasury, FY 2025 enforcement statistics to a Senate Banking hearing, WLFI to a House Financial Services subpoena, the Margaret Ryan testimony to a Democratic majority. The blockchain bet exposes Atkins to something larger and far harder to contain: the tide of technological reality itself. He cannot subpoena-proof this exposure. He cannot enforcement-action it away. He cannot reframe it through a friendly press cycle. The technology on which he has staked his chairmanship is failing in real time, on every metric, in public, and the people whose verdict will matter most for the historical record have already rendered theirs.

When the political moment arrives that requires Trump to fire him, this is the bet that has no defenders. The challenge is genuinely falsifiable. Name one current CTO at Amazon, Microsoft, Alphabet, Apple, Meta, or Oracle who has publicly forecast a two-year migration of U.S. financial markets to blockchain. Name one current Goldman Sachs partner who has personally staked their reputation on Atkins's two-year prediction. Name one Federal Reserve governor or regional bank president who has endorsed the same timeline. Name one computer science department at MIT, Stanford, Berkeley, Carnegie Mellon, or Caltech that has issued an institutional endorsement of blockchain's claimed transformative potential. There is no such person and no such institution. The CTOs build the actual infrastructure. The Goldman partners price the actual securities. The Fed governors regulate the actual payment system. None of them publicly endorse what Atkins has publicly endorsed. The technologist consensus is not divided. The federal court consensus is not divided. The empirical record is not divided. And the people whose endorsement of Atkins's specific two-year prediction would actually matter are uniformly silent.

This is what makes the blockchain bet the cleanest political fall of all the falls available to Trump.

The president will not need to litigate Atkins's regulatory record on the merits. He will not need to relitigate Sun, or Coinbase, or Binance, or WLFI, or any specific enforcement decision. He will only need to gesture at the larger reality — that the SEC Chairman bet the agency on a technology the actual builders of the future had already abandoned, that this judgment proved unsound, and that a "new direction" is required. The line writes itself. Trump will deliver it

casually, in the third sentence of a routine press release, on a Friday afternoon between Labor Day and Inauguration Day 2027.

Paul Atkins has tied his professional name to a technology that will be remembered, when its history is finally written, as the most expensive failed experiment in modern finance. That is not the kind of bet a regulator survives.

Reason #11: Atkins Has Bet His Deregulatory Agenda On Tokenization Representing A Genuine Technological Revolution — And The NYSE's April 2026 Rule Filing Admits, In Writing, That It Is Not

This is the reason that exposes the intellectual hollow at the center of Paul Atkins's deregulatory program. Atkins has spent the past thirteen months remaking the SEC around a single sweeping thesis: blockchain technology and tokenization are about to revolutionize the U.S. capital markets, and the existing SEC rulebook — designed for "off-chain" infrastructure — is fundamentally incompatible with the future. He has built his entire policy agenda around this thesis, and he has staked his deregulatory rationale on it. The trouble is that the thesis is now provably wrong, and the proof was filed on April 17, 2026, by the New York Stock Exchange itself.

From the day Atkins assumed the SEC chairmanship in April 2025, he has signaled — in speech after speech, initiative after initiative — that the SEC's central challenge is to accommodate the migration of securities from traditional databases onto public blockchains. The signature initiatives are now well-documented in the public record:

- On May 12, 2025, Atkins delivered the keynote address at the SEC Crypto Task Force Roundtable on Tokenization. He told the audience that "securities are increasingly migrating from traditional (or 'off-chain') databases to blockchain-based (or 'on-chain') ledger systems," and that this transition was "akin to the transition of audio recordings from analog vinyl records to cassette tapes to digital software."
- On July 31, 2025, Atkins delivered his "American Leadership in the Digital Finance Revolution" speech at the America First Policy Institute, formally launching Project Crypto — a comprehensive initiative to overhaul the SEC's regulatory framework around digital assets, including a token taxonomy, an innovation exemption, custody and trading reforms, and tokenization-friendly rule modifications.
- On November 12, 2025, Atkins delivered his "The SEC's Approach to Digital Assets: Inside 'Project Crypto'" keynote at the Federal Reserve Bank of Philadelphia, outlining the next phase of Project Crypto.
- In December 2025, Atkins told the Blockchain Association Policy Summit that on his crypto agenda, "you ain't seen nothing yet."
- On April 20, 2026, Atkins unveiled the "ACT" framework (Advance, Clarify, Transform) in a CNBC Squawk Box interview, repositioning the SEC's agenda away from "regulation by enforcement." One week later, on April 27, 2026, Atkins became the first

sitting SEC Chairman ever to address a Bitcoin conference — Bitcoin 2026 in Las Vegas — where he reinforced the ACT framework and confirmed a tokenization sandbox launching "in weeks" that would let firms issue and trade tokenized securities on public blockchains for periods of 12 to 36 months without full SEC registration.

The single most consequential underexploited fact in the Atkins record on this point came not in a speech but on national television. On December 3, 2025, in an interview with Maria Bartiromo on Fox Business' Mornings with Maria, Atkins made a specific, recorded, falsifiable prediction: that the entire U.S. financial market will migrate to blockchain within two years. "The next step is coming with digital assets and digitization, tokenization of the market," Atkins said. "This is not about decades; it's about the next few years." Atkins added the migration would deliver "huge benefits with respect to decreasing risk and making things much more predictable and transparent on-chain." This is the most consequential public blockchain prediction made by any sitting U.S. financial regulator in history, and it carries a hard expiration date: December 3, 2027 — which is also when Trump will be making second-term legacy and 2026 midterm post-mortem personnel decisions. Atkins's prediction will either be right by that date or measurably, demonstrably, embarrassingly wrong. The political stakes of Reason #11 are not speculative. The clock is already running.

The rule changes have followed the speeches. The SEC granted a critical no-action letter to the Depository Trust Company on December 11, 2025, authorizing a three-year DTC Pilot Program for tokenization. The SEC approved Nasdaq's tokenization rule (SR-NASDAQ-2025-072) by Order on March 18, 2026. The NYSE then filed its parallel rule, SR-NYSE-2026-17, on April 9, 2026 — and because the NYSE filed it under Exchange Act Rule 19b-4(f)(6), the rule took effect immediately upon filing, with the SEC's Notice of Filing and Immediate Effectiveness issued April 17, 2026 (Release No. 34-105260).

This is what Atkins has been building toward: a regulatory architecture in which tokenized versions of traditional securities can be listed and traded on the major U.S. exchanges, on blockchain rails, alongside their conventional counterparts.

Now read what the NYSE filing actually says about what tokenization is.

The NYSE proposal — adopted by the SEC with immediate effectiveness on April 17, 2026 — provides for a "tokenized DTC Eligible Security" that is, in the rule's own express terms, deemed to convey "the same rights and privileges as a traditional security": an equity interest in the underlying company, the right to receive dividends the company issues, the right to exercise voting rights, and the right to receive distributions on liquidation. Eligible securities are limited to constituents of the Russell 1000 Index and ETFs tracking major indices like the S&P 500 and Nasdaq-100. And the structural reality of a "tokenized" Russell 1000 share, per the rule itself and the contemporaneous market commentary, is this:

- Same ticker symbol as the underlying traditional security.
- Same CUSIP identifier as the underlying traditional security.
- Same shareholder rights as the underlying traditional security.
- Same economic exposure as the underlying traditional security.

- Same settlement framework — T+1 through the Depository Trust Company — as the underlying traditional security.

Read those five lines again and reckon with what they actually mean. The "blockchain revolution" — as that revolution arrives, in real rule text, on the floor of the New York Stock Exchange — is, in operational terms, a back-end ledger notation change. A tokenized Apple share is identical to an ordinary Apple share. It carries the same AAPL ticker. It carries the same CUSIP number. It carries the same dividend rights, the same voting rights, the same liquidation preference. It clears and settles through the same DTC infrastructure on the same T+1 cycle that has applied to ordinary equity since the SEC accelerated the cycle in 2024. The only difference is that, as a back-end accounting matter, the share's existence is recorded on a blockchain database rather than on a traditional database. That is the entire revolution. The "innovation" delivers no new shareholder right, no new voting capability, no new economic exposure, no new clearing efficiency, and no new investor protection. It is a notation change.

And here is the most damning fact in the entire Atkins record on this point: Atkins himself has said exactly this, in his own words, on the SEC's own podium, on November 12, 2025 — five months before the NYSE filing made the point operational. In his "Inside Project Crypto" keynote at the Federal Reserve Bank of Philadelphia, Atkins told the audience that economic reality must trump form. His exact framing was that "a stock is still a stock whether it is a paper certificate, an entry in a DTCC account, or represented by a token on a public blockchain"; that "a bond does not stop being a bond because its payment streams are tracked using smart contracts"; and that "securities, however represented, remain securities."

That sentence — "securities, however represented, remain securities" — is the sentence that demolishes the entire intellectual architecture of Project Crypto.

Two months later, on January 28, 2026, the SEC's three principal divisions — Corporation Finance, Investment Management, and Trading and Markets — issued a joint Statement on Tokenized Securities that institutionalized the same point at the level of the SEC's permanent staff. As Cooley LLP summarized, the statement characterized tokenization as "a technological method of recordkeeping and transfer, rather than a legal innovation that alters the status or regulatory treatment of securities under the federal securities laws." Or, in the eight-word summary used by Katten Muchin Rosenman the day after the statement was issued: "tokenization may change the plumbing but not the policy." That sentence is the entire thesis of Reason #11, published in plain English, by a major SEC-tracking law firm, citing the SEC's own joint divisional staff position, three months before the NYSE rule made the contradiction operational.

And Atkins is not alone in conceding the point. Five months earlier, on July 9, 2025 — three weeks before Atkins's Project Crypto launch speech at AFPI — Commissioner Hester Peirce, who chairs the SEC's Crypto Task Force and is the agency's leading internal advocate for crypto-accommodative regulation, published a one-page statement titled "Enchanting, but Not Magical: A Statement on the Tokenization of Securities." Peirce's central sentence: "As powerful as blockchain technology is, it does not have magical abilities to transform the nature of the underlying asset. Tokenized securities are still securities." Peirce went further: "the process of issuing an instrument representing a security is not [new]. The same legal requirements apply to on- and off-chain versions of these instruments." The intellectual case for the Atkins

deregulatory program was already publicly demolished by the SEC's own crypto champion before Atkins had even launched it.

The doctrinal incoherence is documented in Peirce's own subsequent record. The same Peirce who warned in July 2025 that tokenized securities issued by third parties "may face unique risks, such as counterparty risks" — and may be "receipt[s] for a security" or "security-based swap[s]" that retail investors cannot legally trade off-exchange — issued a December 11, 2025 statement endorsing the DTC pilot's no-action letter as "a significant incremental step in moving markets on-chain," citing her own July warning as the footnote. The framework Peirce warned about in July became the framework Peirce celebrated in December. The same person, the same agency, the same year.

If the form of representation makes no economic difference — if a token is just a notation method like a paper certificate or a DTCC entry — then there is no rationale for treating the conversion to blockchain as the basis for sweeping deregulation. Securities laws were not written about ledger format. They were written about investor protection in the offer and sale of investment contracts. Atkins's own statement concedes the point: the underlying instrument is the same. The disclosure obligations should be the same. The custody obligations should be the same. The exchange registration obligations should be the same. The investment-advisor obligations should be the same. The dealer registration obligations should be the same. Every legal duty the SEC has historically attached to a security attaches with equal force to a tokenized version of that security, because the security is the same thing, just represented differently.

Yet the entire Atkins deregulatory program has been justified — at every roundtable, in every speech, in every formal rule withdrawal under SEC Release 33-11377 (June 2025) — on the premise that the "novel" nature of crypto and tokenization requires a fundamental rebuild of the rulebook. The premise is incoherent on its own terms. If tokenized securities are "the same" as traditional securities — Atkins's own framing — then the existing rulebook fits them. The deregulation has no rationale beyond preference for less regulation. Which makes it not innovation policy. It is just deregulation, dressed up as innovation policy.

The NYSE filing makes this contradiction operational, public, and now legally enforceable. Look at what the rule text concedes:

1. Tokenized securities trade with substantively identical mechanics to their traditional counterparts.

2. Tokenized securities settle through the same DTC clearing infrastructure as traditional securities, and remain inside the existing national market system.

3. Tokenized securities convey the same shareholder rights as traditional securities — voting, dividends, liquidation distributions — by express deeming provision in the rule.

4. Tokenized securities are limited to Russell 1000 constituents and major-index ETFs at launch, meaning the rule does not reach to the broader universe of "DeFi tokens" or "altcoins" at all — it reaches only to the most heavily regulated, traditionally listed equity securities in the U.S. market.

The most institutional confirmation of this point came not from crypto skeptics but from the Republican-aligned heart of U.S. capital markets. On July 21, 2025, Citadel Securities — Ken Griffin's market-making giant, the largest market maker in U.S. equities and a major Republican donor's firm — submitted a letter to the SEC Crypto Task Force characterizing tokenized U.S. equities as "look-a-like" products and writing the sentence that defines the entire critique: "Simply put, while we strongly support technological innovations designed to address market inefficiencies, seeking to exploit regulatory arbitrage for 'look-a-like' securities is not innovation." Citadel went further: "Tokenized securities must achieve success by delivering real innovation and efficiency to market participants, rather than through self-serving regulatory arbitrage. The Commission should not allow token purveyors to profit simply by avoiding the Commission's time-tested framework for protecting the interests of retail and institutional investors."

SIFMA, the trade association representing nearly the entire U.S. securities industry, echoed the framing — warning the SEC against creating "parallel, but unequal trading ecosystems for substantively identical assets." Charles Schwab's CEO publicly aligned with the same position the same week. Whatever Atkins thinks the political constituency for his deregulation is, the largest Republican-aligned firm in U.S. equity markets and the trade association representing the industry both rejected the premise on the record, in writing, ten months before the NYSE filing closed the case.

Tokenization is not a revolution. It is a back-office digitization project, with the technological scope of the SEC's old XBRL initiative. The financial press has covered the NYSE filing in glowing terms — "groundbreaking," "historic," "modernizing global financial infrastructure" — but the rule text gives away the substance. The substance is that tokenized Apple is Apple. Tokenized Microsoft is Microsoft. Tokenized SPY is SPY. The disclosure that flows from those issuers does not change. The custody arrangements that flow from those issuers do not change. The investor protections that flow from those issuers do not change. Tokenization is a wrapper; the underlying instrument is everything.

The empirical record agrees. In November 2025, IOSCO — the global association of national securities regulators — published the most comprehensive regulator review of tokenization to date. Its empirical finding on whether tokenization actually delivers the operational benefits its advocates promise: "Some examples do not tend to clearly or conclusively show if these and other aforementioned benefits have been achieved as issuers do not tend to publicly disclose actual quantifiable efficiency gains, if any." That is the international regulatory community on the record: after years of tokenization projects, the actual quantitative benefits remain unproven. The academic literature is harsher still — a 2025 study of tokenized real-world-asset markets found that "most RWA tokens exhibit low trading volumes, long holding periods, and limited investor participation, despite their potential for 24/7 global markets." The promised "huge benefits" Atkins described on Fox Business have, as of mid-2026, no documented existence.

The technical implementation makes the point even more clearly. Atkins's speeches have framed the tokenization revolution in terms of "public blockchains" and "on-chain markets." But the actual DTC pilot, announced December 17, 2025, is running on the Canton Network — described by TRM Labs as "a privacy-enabled, permissioned blockchain that allows financial institutions to transact on-chain while retaining granular control over data visibility," and governed by a foundation co-chaired by DTCC itself. That is not Bitcoin. That is not Ethereum.

That is, structurally, a permissioned shared database with cryptographic controls, governed by the very intermediary the technology was supposed to disintermediate. The "public blockchain" rhetoric isn't even matched by the actual infrastructure being deployed. And that is where the entire intellectual case for the Atkins deregulatory program collapses.

Once the financial press digests what the NYSE filing actually says — and that digestion is already beginning, with The Corporate Counsel Blog, Free Writings & Perspectives, and FinanceFeeds all explicitly noting the "substantively identical" mechanics — the broader policy questions become unavoidable:

- *If tokenization is not, in fact, a regulatory revolution, then why has Atkins just spent thirteen months gutting the SEC's rulebook in its name?*
- *Why did Atkins withdraw 14 proposed Gensler-era rules? Why did he extend the Form PF compliance deadline twice in 2025 and direct staff to conduct a "comprehensive review," stating that he had "serious concerns whether the government's use of this data justifies the massive burdens it imposes"?*
- *Why did Atkins carve out broker-dealer registration for self-custodial wallet user interfaces?*
- *Why did Atkins dismiss or close at least a dozen crypto enforcement actions, including the cases against Coinbase, Kraken, and Binance, and stay the case against Justin Sun — even those where the SEC had already secured favorable court rulings?*
- *Why did Atkins clear the way for USD1, a stablecoin with $4.6 billion in circulation as of April 2026, issued by a crypto venture in which a Trump-affiliated entity (DT Marks DEFI LLC) holds approximately 38% and is entitled to 75% of net token-sale proceeds*
- *Why did Atkins tell American First Policy Institute that this was a "generational opportunity" requiring "purpose-fit disclosures, exemptions, and safe harbors"?*
- *If the actual technological change being implemented at the NYSE is, by Atkins's own characterization, just a different way of writing down the same security — what was the deregulation for?*

There is no good answer to these questions. The honest answers are that the deregulation was not really about technology. It was about giving the crypto industry — and a particular politically-connected token issuer named World Liberty Financial — a regulatory environment it preferred. The "blockchain revolution" rhetoric was the cover story.

This realization will land in three stages and is already landing in stage one.

Stage one — happening now, May 2026: The financial press and the legal press are noting the substantive identity of tokenized and traditional securities under the new NYSE rule, in pieces like Free Writings & Perspectives's analysis ("substantively identical mechanics") and The Corporate Counsel Blog's coverage. The implications have not yet been politically synthesized, but the predicate facts are public.

Stage two — likely Q3/Q4 2026: As tokenized trading goes live on the NYSE Russell 1000 universe under the DTC Pilot, market commentators, academics, and former SEC officials will begin to publicly observe that the trading is producing no novel investor benefit, no novel infrastructure efficiency, and no novel functionality. The Lee Reiners–style legal academic critique that demolished WLFI's decentralization claim in the Duke FinReg piece will be applied to the broader "blockchain revolution" thesis. The argument will be that Atkins's deregulatory program rested on a category error: tokenization is a back-end accounting choice, not a substantive regulatory category.

Stage three — Q1 2027: The new Democratic House Financial Services Committee, under returning Chair Maxine Waters, will subpoena the internal SEC analyses underpinning Project Crypto, the ACT framework, the tokenization sandbox, and SEC Release 33-11377. Those analyses will reveal — because they have to — that the deregulatory case for blanket withdrawal of investor protections was never grounded in serious tokenization-specific economic analysis. The deregulation will be exposed as exactly what it was: a political delivery mechanism for the crypto industry's policy wish list, dressed up in the language of innovation. (The Waters subpoena predicate is already laid; see the December 29, 2025, letter and the January 15, 2026, letter demanding internal records).

Trump understands optics. Trump understands narrative. And Trump will, by the end of stage two, recognize that Atkins has built him an exposure he does not need. Atkins's policy program was sold to the White House as a transformative innovation agenda — "make America the crypto capital of the world," in the President's own framing. When the actual technological substance proves to be a back-end ledger swap with no consumer benefit, the political case for the program disintegrates. The President is left holding a deregulatory record that delivered no innovation upside, that personally enriched his family through World Liberty Financial, and that lost retail investors money in episodes like the Dolomite Pool lockout. That is not a winning second-term legacy. That is a Senate hearing waiting to happen.

The cleanest way to disown the program is to fire its architect.

Atkins is the architect. The program is now operational, and the failure mode is now public. The replacement Chair — the post-firing Chair — will be installed precisely so that he or she can stand at a podium six months after taking office and say: "the prior chairman's tokenization framework is being reviewed; the agency's investor-protection priorities are being recalibrated." That is the speech that has Atkins's firing hard-coded into it. That speech will be given. The only question is the date of the firing that comes before it.

The blockchain bet was the bet that justified everything. The NYSE filing has now revealed that the bet was on a category error. Once Trump connects those dots — and the accelerating retail losses, the Senate document requests, the academic critiques, and the press coverage will connect them for him — Atkins becomes the natural casualty of a story Trump cannot otherwise control.

Reason #12: Trump Is Under Unprecedented Impeachment Pressure Over Crypto Corruption, And Atkins Is The Cheapest Sacrificial Offering Available

This reason operates on the simplest political logic in the article: when a President is being publicly accused, in writing, on multiple committees of jurisdiction, of constitutional violations centered on crypto self-dealing, and when the documentary record naming the regulator who enabled the self-dealing is being assembled in real time, the regulator gets cut loose. The President doesn't have to admit anything. The President doesn't have to change course. The President just has to fire someone visible enough that the firing reads, to the median voter and the median House moderate, as a gesture toward "accountability." Atkins is the only available regulator who fits that profile. The price of cutting him loose is roughly zero. The political return on cutting him loose is substantial. Trump's negotiation with himself on this question is going to be brief.

Begin with the impeachment landscape, because it is the political environment that makes the firing rational.

Trump faces, today, the most concentrated impeachment-resolution and impeachment-pressure environment any sitting U.S. President has ever faced inside his second term. Multiple articles of impeachment are already on file in the House:

- H.Res. 353 — Impeaching Donald John Trump, President of the United States, for high crimes and misdemeanors.
- H.Res. 939 — Impeaching Donald John Trump for high crimes and misdemeanors, the resolution introduced after Trump's November 2025 social-media posts calling for the execution of Democratic lawmakers in language including "SEDITIOUS BEHAVIOR, punishable by DEATH!" and reposting "HANG THEM GEORGE WASHINGTON WOULD!!".
- Representative John Larson's articles of impeachment, introduced April 6, 2026 amid the U.S.-Israel war on Iran, citing Trump's "serial usurpation of the congressional war power" — and followed the next day by Trump's Truth Social post threatening that a "whole civilization will die tonight" if Iran did not reopen the Strait of Hormuz, language characterized as genocidal by Democratic lawmakers, Iran's U.N. envoy, and Amnesty International.

The non-Congressional infrastructure has materialized in parallel. In December 2025, the New York City Bar Association formally called on Congress to consider impeaching Trump for abuses of power including the unauthorized deployment of troops in U.S. cities. On April 8, 2026, Ralph Nader and Bruce Fein convened a symposium of constitutional scholars and legal experts at which the case for impeachment and removal was formally laid out. On April 10, 2026, Representative Jamie Raskin (D-MD), Ranking Member of the House Judiciary Committee, told Time magazine on the record that he had "no doubt in [his] mind" that this President had committed a "dozen or more impeachable offenses, "explicitly naming violations of the Foreign Emoluments Clause through Trump's "tens or hundreds of millions" of dollars of

deals with foreign governments, and citing the explicit founding-era understanding that Emoluments Clause violations constitute impeachable offenses. On April 24, 2026, Axios reported on the internal House Democratic push to impeach Trump on "Day 1" of a Democratic House majority. And a Lake Research Partners national poll, commissioned by Free Speech For People and released April 6, 2026 (the same day Larson filed his articles), found that 52% of likely 2026 voters nationwide support impeaching President Donald Trump, with 46% strongly in favor — described by the polling organization as 'an extraordinary and unprecedented' finding. Lake Research's David Mermin: 'we believe there has never been this early in a presidential term, finding that a majority of American voters are in favor of impeaching the president.'

This is not a fringe political environment. It is a documented, multi-channel, bipartisan-Democratic-led impeachment posture, with a polling majority behind it.

The single most documented predicate for impeachment is the Trump-family crypto venture, and specifically World Liberty Financial. Read the public record on that point as it currently stands:

- On November 25, 2025, House Judiciary Committee Democrats released a comprehensive staff report titled "Trump, Crypto, and a New Age of Corruption." The report — released by the Committee under Ranking Member Raskin's signature — alleges that the Trump family has financially benefited from crypto-linked projects while reshaping U.S. regulatory policy, and estimates, citing Reuters investigative reporting, that the Trump family earned over $800 million from crypto ventures in the first half of 2025 alone. Raskin himself is on the record describing Trump as having "turned the Oval Office into" the world's most corrupt crypto startup operation. The institutional groundwork goes back even further. On July 11, 2025, House Democrats led by Maxine Waters and Stephen Lynch announced a coordinated "Anti-Crypto Corruption Week" — a multi-day campaign against the CLARITY Act, GENIUS Act, and Anti-CBDC bill, framed explicitly as opposition to "President Trump's crypto corruption, which has already netted him a staggering $1.2 billion." That was nearly a year ago. The Day-1 impeachment posture seems already etched in stone.
- On January 20, 2026, House Oversight Committee Democrats released a separate, longer staff report on the same crypto-corruption pattern, chronicling, among other facts, the WLFI total token sales reaching $550 million by March 2025, an additional $25 million purchase by DWF Labs in April 2025 — a Dubai-based market maker whose managing partner Andrei Grachev has extensive ties to the Russian government — and a $100 million purchase by the UAE-based Aqua 1 Foundation in June 2025, an entity that congressional investigators say has ties to China's state-owned CNPC," and the Trump family's emerging $5–$6 billion crypto fortune as documented in Wall Street Journal reporting of September 1, 2025.
- On February 4, 2026, Representative Ro Khanna (D-CA), Ranking Member of the House Select Committee on the Strategic Competition Between the United States and the Chinese Communist Party, opened a formal investigation into WLFI by sending a 16-question demand letter to Zach Witkoff. Khanna's letter — citing Wall Street Journal reporting — alleged that lieutenants of Sheikh Tahnoon bin Zayed Al Nahyan — the UAE's national security adviser, who oversees the country's intelligence and surveillance operations and is widely referred to in the U.S. press and in Senate Democratic

correspondence as "the Spy Sheikh" — signed a deal four days before Trump's inauguration" to buy a 49% stake in WLFI for $500 million through an Emirati vehicle named Aryam Investment 1, of which approximately $187 million flowed directly to Trump family entities and $31 million to entities affiliated with Steve Witkoff. Khanna's letter framed the conduct in stark constitutional terms: "Taken together, these arrangements are not just a scandal but may even violate multiple laws and the United States Constitution." Senator Chris Murphy (D-CT) supplied similar rhetorical framing the same week: "This is a case where they knew it was so outrageous, it was so wrong that they did it in private… It's a secret payment (…), and then, soon after, a gift of national security secrets to the UAE, that up until those two secret payments, every American president had refused to give. This is corruption. This is potentially criminal conduct." Murphy added: "The rule of law may be suspended today, but it is coming back, and when it does, everyone who has greased their palms off government services, trading government favors for cash, and violating the laws of this nation are going to jail."

- "The same Khanna inquiry is also examining Trump's October 23, 2025 pardon of Binance founder Changpeng Zhao — a pardon that came approximately five months after MGX's $2 billion USD1-denominated investment in Binance was announced at Token2049 Dubai on May 1, 2025, and one month before the Trump administration approved the export of advanced AI chips to UAE-linked entities tied to G42 on November 19–20, 2025."
- On May 6, 2025, Senator Richard Blumenthal — then already Ranking Member of the Senate Permanent Subcommittee on Investigations — opened a parallel PSI preliminary inquiry into the Trump crypto ventures, sending document demands to both Fight Fight Fight LLC (the issuer of the $TRUMP memecoin) and to WLFI through Zach Witkoff. "Blumenthal's letter expressly raised Foreign Emoluments Clause concerns, warning that 'WLFI's financial entanglements with the President, his family, and the Trump Administration present unprecedented conflicts of interest and national security risks, including potential violations of the foreign emoluments clause.'"
- On January 5, 2026, WLTC Holdings LLC — a subsidiary of World Liberty Financial — filed a de novo application with the Office of the Comptroller of the Currency for a national trust bank charter, seeking to establish World Liberty Trust Company, National Association (WLTC), a federally chartered national trust bank to issue and custody USD1. Zach Witkoff would serve as President and Chairman. USD1 had reached over $3.3 billion in circulation by the time of the application. The full application is OCC Charter Application 2026-Charter-344521, on the public docket. Comptroller Jonathan Gould — a Trump appointee — has publicly stated the OCC "will not delay reviewing the World Liberty Financial bank charter request" despite the conflict-of-interest concerns. In other words: the Trump family's crypto venture is currently in front of a federal banking regulator — under review by a Trump appointee — seeking a federally chartered bank to operate the same USD1 stablecoin that settled the $2 billion MGX-Binance deal. The National Community Reinvestment Coalition, representing 700+ community organizations, filed formal opposition. This is no longer a story about a memecoin and a few token sales. This is a story about the Trump family becoming

federally chartered as a bank in the middle of an active impeachment-pressure cycle, with a Trump-appointed regulator on the review panel.

- And, as of April 2026, additional reporting (Yahoo Finance / Cryptonews) confirmed that the Trump family had extracted at least $890 million in revenues from WLFI while holding tokens currently valued at approximately $3.8 billion — with no documented personal capital investment at inception, meaning the entire Trump-family WLFI position is, structurally, a revenue claim backed by political positioning rather than founder equity built through risk-taking.

Add up the publicly documented Trump family take across all crypto ventures by January 2026, per Bloomberg's January 20, 2026 analysis: approximately $1.4 billion." Add the $5–$6 billion Wall Street Journal fortune estimate from September 2025, and the picture becomes the most concentrated personal-financial-conflict-of-interest fact pattern in American presidential history.

Now name the regulator at the center of every one of those facts: Paul Atkins.

The Senate's senior Democrat on financial oversight has been building exactly this case for over a year. Senator Elizabeth Warren, Ranking Member of the Senate Banking, Housing, and Urban Affairs Committee, has methodically escalated her public record against Atkins: a 34-page pre-confirmation letter in March 2025 detailing his crypto conflicts; an April 2025 formal request to the SEC Inspector General to investigate whether Trump officials improperly influenced SEC enforcement decisions on crypto; a May 2025 joint letter with Senator Jeff Merkley calling the WLFI-UAE deal "a staggering conflict of interest" that "may violate the Emoluments Clause" and "criminal provisions barring bribery"; and most recently, a May 2026 letter with Senator Chris Van Hollen explicitly accusing the SEC's new crypto interpretive release of being "designed to benefit the crypto industry — including the Trump family — at the expense of ordinary American investors." The case for prosecutorial-grade regulatory capture under Atkins has been built sentence by sentence, on Senate Banking Committee letterhead, for fourteen months.

The crypto self-dealing apparatus does not function without a friendly SEC. And the SEC has been remarkably friendly. Under Atkins:

1. **The SEC withdrew 14 proposed rules** in June 2025 under Release 33-11377, including rules that would have applied directly to crypto custodians and stablecoin issuers.
2. **The SEC issued the DTC tokenization no-action letter** on December 11, 2025, paving the way for tokenized-securities trading on Nasdaq, NYSE, NYSE Arca, and NYSE Texas — which expands the addressable market for WLFI's stablecoin USD1 as a settlement layer.
3. **The SEC settled with Justin Sun** on March 5, 2026, for $10 million — Sun being the largest single early outside investor in WLFI, having invested approximately $75 million in the Trump-family venture.
4. **The SEC issued the April 13, 2026, staff statement on broker-dealer registration** for "certain user interfaces," effectively exempting self-custodial wallet provider front-ends

from broker-dealer registration — a statement that protects, among others, the kind of DeFi infrastructure that makes WLFI's lending and trading operations possible.

5. **The SEC has declined to investigate WLFI itself** under any Howey-based theory, despite the Sun settlement formally preserving the Howey framework as applicable to crypto tokens — and despite Lee Reiners's May 8, 2026, Duke FinReg analysis demonstrating that under the SEC's own current interpretation, WLFI is plainly an unregistered security.

6. **The SEC's Director of Enforcement, Margaret Ryan, resigned over precisely these conflicts** — wanting to pursue fraud and other charges in cases including Sun and Musk, and being blocked by Atkins.

7. **The SEC stayed or terminated enforcement actions against Coinbase, Kraken, Binance, Ripple** and many other crypto-related actions and investigations in early 2025, removing the deterrence apparatus that would otherwise have constrained WLFI's commercial partners.

There is no other regulator with comparable fingerprints across the Trump crypto corruption record. CFTC enforcement has been quiet on the WLFI-specific facts. Treasury has been involved on the sanctions side but not on the securities-law side. The Department of Justice has been involved through pardons rather than through prosecutions. Only Atkins's SEC has touched every link in the documentary chain that the impeachment-leaning House Democratic ranking members are now assembling. Atkins is the connective regulatory tissue. And that makes him the natural sacrificial offering when the impeachment pressure peaks.

Now read the political calculation from the Oval Office.

Trump's calculus on impeachment pressure is well-established: deny, deflect, delegate, dispose. The 'dispose' piece historically requires a sacrificial figure who can be cut loose without fundamentally altering the underlying policy direction the President wants to maintain. The first term offered Comey, Tillerson, Sessions, Bolton, Esper, and Krebs. But the second term is already running the same playbook on accelerated time. In the past sixty days, Trump has fired two Cabinet officials over peak-pressure scandals: Homeland Security Secretary Kristi Noem in early March 2026 after the ICE-enforcement controversy crested, and Attorney General Pam Bondi on April 2, 2026 after the Jeffrey Epstein–files controversy crested. Both firings produced exactly the political outcome Reason #12 predicts: 'responsiveness without policy change.' The administration's underlying immigration and DOJ priorities remained intact; only the visible signature changed. Each firing absorbed political damage that would otherwise have reached the principal. The pattern is no longer theoretical. It is operational, it is current, and Atkins is next.

The second-term analog is Atkins. The reason is structural:

- **Atkins is high-profile enough that the firing registers as news.** SEC chairmen are confirmed by the Senate, are members of the President's cabinet-rank financial team, and command extensive press attention when they are appointed and when they leave. Firing an unknown deputy at Treasury or a regional U.S. Attorney does not register. Firing the SEC Chairman registers.

- **Atkins is replaceable without policy disruption.** The deregulatory agenda Atkins implemented does not require Atkins personally; it can be sustained by any number of plausible Republican replacements (Hester Peirce being the most obvious, given her existing Commission seat and her Crypto Task Force leadership). The crypto industry's substantive policy wins — the rule withdrawals, the staff statements, the DTC tokenization framework — are already locked in as agency precedent. A new Chair simply maintains them.

- **Atkins is not personally close to Trump.** Atkins is not a Trump family member, not a Trump donor of unique consequence, not a Trump confidante. He is a deregulatory technocrat who Trump nominated because the crypto industry wanted him. Severing the Atkins relationship costs Trump nothing in personal political capital.

- **The firing reads, to the median voter, as accountability.** When the impeachment narrative peaks — when Khanna's findings under the Select Committee inquiry land, when Blumenthal's PSI inquiry produces records, when Waters and Casten and Sherman send their next round of letters — Trump can point to the Atkins firing as evidence that he has "cleaned up" the alleged regulatory misconduct. This argument does not have to be true. It only has to be available.

- **The firing pre-empts the most damaging hearing scheduled to occur.** As established in Reason #8, Margaret Ryan will be subpoenaed by House Democrats in early 2027, and her testimony will detail her clashes with Atkins over Sun and Musk. If Atkins is still Chair when Ryan testifies, the hearing becomes a referendum on Atkins's chairmanship and on Trump-circle preferential treatment. If Atkins has already been fired, the hearing becomes a referendum on Atkins's chairmanship and the Trump administration's response to it. The latter is dramatically less politically damaging than the former.

The political math walks itself out: Trump fires Atkins, claims credit for "responding to ethics concerns," replaces him with Peirce or another Commission-seated Republican, locks in the deregulatory agenda through the new Chair, and uses the firing to inoculate himself against the inevitable Democratic-majority oversight push in 2027. The Atkins firing is, from Trump's perspective, the lowest-cost, highest-return political action available to him on the entire crypto corruption portfolio.

An Atkins firing is axiomatic. The political environment makes it cheap. The doctrinal contradiction makes it necessary. The Margaret Ryan record makes it televisable. The crypto-corruption documentary record makes it inevitable. The blockchain-bet collapse makes the deregulatory rationale defensible. The Duke FinReg analysis makes the WLFI exposure undeniable. The midterm calendar makes the timing tight. The Khanna inquiry makes the Foreign Emoluments Clause case actionable. The pending impeachment resolutions make the political pressure peak. And the structural incoherence at the heart of the enforcement program makes the firing the only available remedy.

And when Atkins gets fired, the financial press will frame the firing as a "fresh start" and the new Chair will deliver a polite reset speech, and the deregulatory agenda will substantially continue under different signature. That is the predictable choreography of every SEC

chairmanship that has ended this way. But the chairmanship, as currently constituted, will end. The structural argument leaves no other path.

Atkins's chairmanship was an experiment in whether a deregulatory agenda can be implemented without doctrinal coherence, without enforcement integrity, without internal staff buy-in, and without political insulation from a President whose family is at the center of the regulated industry.

Atkins will be front and center in any Trump impeachment hearing, and that makes Atkins expendable per se.

Looking Ahead: *Which Friday?*

Paul Atkins arrived at the SEC believing the agency had become, in his own words, a "Securities and Everything Commission" that needed to be cut back to its narrow disclosure mandate. He arrived with a thirty-year ideological commitment to lighter-touch regulation, a deeply held belief that sophisticated investors can protect themselves from abusive practices, and a vision of the SEC as midwife to a Fourth Industrial Revolution centered on blockchain.

Atkins moved with extraordinary speed to implement his vision: fourteen proposed rules withdrawn in a single eight-page Federal Register notice, twelve major crypto enforcement actions dropped, a disbanded Crypto Assets and Cyber Unit, an 18% workforce collapse that disproportionately cost the agency its most senior enforcement attorneys, a gutted Form PF, a private-fund framework cracked open to $8.7 trillion in 401(k) retail capital, a 2026 examination priority list scrubbed of every reference to digital assets, and a public posture of uncompromising deregulation marketed as innovation.

Each of those moves was, on its own terms, defensible by the lights of his ideology. None of them was defensible against the Stark reality of what the world actually contains:

- A war with Iran in which the financial rails Atkins refused to police are the rails Iran is using to fight back
- A $2 trillion private credit market growing in the dark, with cracks already visible at Tricolor, First Brands, Blue Owl, Apollo, Cliffwater, and Blackstone — the last of which had to inject $400 million of partner capital to keep its retail BDC from gating.
- A President whose family has booked more than $1.4 billion from a crypto venture that, under the SEC's own surviving legal theory, looks like an unregistered securities offering.
- A former Enforcement Director — a Marine Corps Gulf War veteran, a Clarence Thomas clerk, a name on Trump's own Supreme Court shortlist, and Atkins's own hire — with a story to tell and a subpoena waiting to require her to tell it.
- A Democratic House majority preparing to gavel in with four ranking-member document demands already pre-loaded.

- A blockchain technology stack that Apple, Microsoft, Amazon, Alphabet, Meta, and Oracle have collectively walked away from while spending $700 billion on something else.
- A GAO report warning that the SEC may no longer be able to fulfill its statutory mission.
- FY 2026 enforcement statistics about to land like a wrecking ball, four to six weeks before a midterm election.
- A Justin Sun settlement that is the worst kind of legal instrument: one that preserves the theory of liability the political project requires the SEC to disavow.
- The NYSE's own April 2026 rule filing — paraded by Atkins as proof his policy is working — telling the SEC, in writing, that the existing regulatory framework Atkins is dismantling is the only thing making blockchain in the capital markets work at all.

Donald Trump does not protect people from this kind of accumulation of liability. Donald Trump cleans the deck. He cleaned it of his first-term Attorney General, his first-term Secretary of Defense, his first-term FBI Director, his first-term National Security Adviser, and Cabinet officials beyond easy count. He has cleaned it, in the past sixty days alone, of Kristi Noem and Pam Bondi — fired the moment their scandals crested, replaced without policy disruption, the underlying agenda intact under different signature. He cleans it whenever the political calculus shifts against an appointee, regardless of whether the appointee has done anything wrong by his own lights.

The calculus has shifted against Paul Atkins. The next six months will compound the shift relentlessly. The Iran war will continue to surface uncomfortable crypto-rails questions. The FY 2026 enforcement numbers will land in October. The Margaret Ryan story will keep producing follow-on reporting. The WLFI question will get more urgent with every academic citation, every defense brief, every fresh on-chain disclosure. The midterms will deliver a Democratic House majority. The hearings will be queued up. The subpoenas will be drafted before Thanksgiving and served before Inauguration Day.

And one Friday afternoon, sometime between Labor Day 2026 and the first week of February 2027, when the political pressure peaks and the optics of an inoculating firing become irresistible — the White House will announce, through a Truth Social post or a routine press release, that Paul Atkins is "stepping down to spend more time with his family," or "pursuing opportunities in the private sector," or, in the older idiom, "departing to pursue other interests." There will be no acknowledgment of the underlying reasons. There will be no explanation of what changed.

Atkins will know. Trump will know. Wall Street will know. Congress will know. The press will know. The hundreds of career SEC professionals pushed out during the Atkins regime will know.

And history — the history that records every deregulator who promised the markets had matured beyond the need for regulation and who confused the comfortable applause of the regulated with the durable mandate of the public — that history will know too.

This article opened with a single sentence: *Paul Atkins is not surviving the year as Chairman of the U.S. Securities and Exchange Commission.* Twelve reasons and 40,000 words later, that sentence has not moved. The only question is *which Friday.*