



US CFTC Secures Federal Court Order for \$2.3 Million Recovery in Online Romance Scam Involving Debiex

On 21 March 2025, the United States Commodity Futures Trading Commission (**US CFTC**) announced that the United States District Court for the District of Arizona has issued a pair of default judgments against Debiex, a digital asset trading platform, and Zhang Cheng Yang, a relief defendant linked to the scheme. The United States District Court for the District of Arizona issued a **Judgment dated 13 March 2025**, found Debiex liable for violations of the United States Commodity Exchange Act and US CFTC regulations, permanently banning the entity from trading on US CFTC-regulated markets or registering with the Commission. In a separate but related **Judgment dated 12 March 2025** passed by United States District Court for the District of Arizona, Zhang Cheng Yang was ordered to return funds received without legal entitlement, having acted as a money mule in the scheme.

These judgments arise from a US CFTC complaint filed on 17 January 2024, which alleged that Debiex orchestrated a sophisticated online romance scam to misappropriate customer funds under the guise of digital asset commodity trading. The judgments collectively require Debiex to pay over \$2.2 million in restitution and a \$221,466 civil monetary penalty, while also ordering the return of digital assets worth approximately \$120,000 from Zhang's wallet to a defrauded customer.

The complaint filed by the US CFTC alleged Debiex of violating Section 6(c)(1) of the United States Commodity Exchange Act, 7 U.S.C. § 9(1), and corresponding regulations under 17 C.F.R. § 180.1(a)(1) and (3). According to the court's findings, Debiex operated fraudulent trading platforms through public websites and used a "Sha Zhu Pan" or "pig butchering" scheme to solicit investments under the guise of romantic relationships. The case centres on a complex fraud orchestrated through publicly accessible websites by Debiex. According to the US CFTC complaint, the scheme relied on three organised groups: "Solicitors," who targeted U.S. customers through social media and fabricated online relationships to encourage investment; "Customer Service," who pretended to set up and manage trading accounts; and "Money Mules," including Zhang, who facilitated the laundering of customer funds. Victims were led to believe their assets were being traded on live platforms, but no such trading occurred. The supposed accounts were fabrications designed to simulate legitimate investment returns.

The court found that between March 2022 and the filing of the complaint i.e. 17 January 2024, five customers were fraudulently induced to transfer approximately \$2.3 million in digital assets. These funds were never used for trading as promised but were instead misappropriated through digital asset wallets, including one controlled by Zhang. The websites merely mimicked legitimate trading platforms and presented fabricated profits and trading activity, deceiving victims into repeated deposits.

On 12 March 2025, the court entered a default judgment against Zhang, who had failed to respond to the complaint. The ruling ordered the transfer of all digital assets in his wallet, 62.94155 ETH and 5.7041258 USDT, back to one of the victims, Customer D, whose funds had been traced to Zhang's account. Zhang, a Chinese national, was deemed to have received these assets without providing any services and had no legitimate claim to them. The ruling was grounded in established precedent allowing equitable relief against a party in possession of illicit funds without a valid entitlement.

On 13 March 2025, the court also granted a default judgment against Debiex. In addition to finding it liable for fraud under federal commodities law, the order permanently enjoins Debiex from participating in any commodity trading, registering with the US CFTC, or engaging in any CFTC-regulated markets. It mandates restitution of \$2,257,337.01 and imposes a civil monetary penalty of \$221,466. The National Futures Association (**NFA**) was appointed as the Monitor to oversee collection and distribution of restitution to victims.

Director of Enforcement Brian Young stated: "This judgment demonstrates the CFTC's ongoing commitment to protecting U.S. citizens from online scams, I commend Jenny Chapin, Dmitriy Vilenskiy, and former Division Deputy Director Joan Manley for their diligent and innovative work on this matter."

The United States Division of Enforcement (**DOE**) acknowledged assistance from the FBI's Phoenix Office in pursuing the case. In addition to the lead team, Jennifer Diamond, Mary Lutz, and Elizabeth Padgett of the International Enforcement Cooperation Unit also contributed to the effort.

(Source: <https://www.cftc.gov/PressRoom/PressReleases/9058-25>)

US CFTC DMO & DCO Withdraws its 2018 Advisory with Respect to Virtual Currency Derivative Product Listings

On 28 March 2025, the United States Commodity Futures Trading Commission (**US CFTC**) announced that US CFTC Division of Market Oversight (**DMO**) and US CFTC Division of Clearing and Risk (**DCR**) have formally withdrawn CFTC Staff Advisory No. 18-14, titled *Advisory with Respect to Virtual Currency Derivative Product Listings*. The withdrawal, effective immediately, was set out in CFTC Letter No. 25-07, issued on 27 March 2025, titled 'Withdrawal of CFTC Staff Advisory No. 18-14 with Respect to Virtual Currency Derivative Product Listings' which states that the Advisory with Respect to Virtual Currency Derivative Product Listings is no longer necessary given the evolution of the virtual currency derivatives market and Crypto Taskforce developments.

The 2018 Advisory was originally issued on 21 May 2018 to clarify the DMO and DCR's expectations in their review of new virtual currency derivatives proposed for listing by Designated Contract Markets (**DCMs**), Swap Execution Facilities (**SEFs**), or for clearing by Derivatives Clearing Organizations (**DCOs**). As stated in the withdrawal, the regulatory divisions now consider that the marketplace has experienced considerable growth and maturity, thereby obviating the need for the continued application of the Advisory. According to the letter, "Given additional staff experience in the intervening years, as well as increasing market growth and maturity, DMO and DCR believe the Virtual Currency Listing Advisory is no longer needed." Supporting this conclusion, the staff noted that average daily volumes across all Bitcoin futures have increased by over 300 percent, and aggregate open interest has surged by more than 800 percent since 2018.

Despite the withdrawal of Advisory No. 18-14, the letter made it clear that all relevant requirements under the United States Commodity Exchange Act and US CFTC regulations remain fully in effect. These include obligations on DCMs, SEFs, and DCOs to uphold strong market oversight standards, ensure contracts are not susceptible to manipulation, and detect and prevent any market distortions or settlement disruptions. Firms must continue to comply with the US CFTC's Large Trader Reporting System, which mandates daily reporting for positions exceeding defined thresholds under Commission Regulation 15.03(b).

It was further clarified that this withdrawal represents the views of the DMO and DCR staff only, and not necessarily those of the full Commission or other CFTC offices. The US CFTC encouraged ongoing open communication between regulated exchanges, clearinghouses, and staff in the context of launching new virtual currency derivatives. For further inquiries, market participants are advised to contact Sebastian Pujol, Counsel to the Director of DMO, or Eileen A. Donovan, Deputy Director of DCR, as listed in the official correspondence. The full text of CFTC Letter No. 25-07 is available on the Commission's website at www.cftc.gov.

(Source: <https://www.cftc.gov/PressRoom/PressReleases/9059-25>)

Rahul Varma Appointed Acting Director of US CFTC's Division of Market Oversight

On 02 April 2025, the United States Commodity Futures Trading Commission (**US CFTC**) announced the appointment of Rahul Varma as the Acting Director of its Division of Market Oversight (**DMO**) who has over a decade of regulatory experience and a proven track record in market surveillance and intelligence, Varma steps into this critical leadership role at a time when the integrity and transparency of US commodity markets are under renewed global focus.

Rahul Varma began his career at the US CFTC in 2013 as Associate Director for Market Surveillance within the DMO, overseeing sectors such as energy, metals, agriculture, and soft commodities. In 2017, he played a foundational role in establishing the Market Intelligence Branch, later serving as its Acting Deputy Director. In 2024 he was appointed Deputy Director and consolidated Market Intelligence and Product Review branches, at the intersection of data analytics, product innovation, and regulatory policy.

Prior to joining the US CFTC, Varma held positions in risk management and consulting in the private sector, and served at the Federal Energy Regulatory Commission (**FERC**) in the Office of Market Oversight and Investigations, the predecessor to the current Office of Enforcement. Varma's academic background includes a Bachelor of Technology (BTech) from the Indian Institute of Technology (IIT) Delhi, a master's degree from Case Western Reserve University, and an MBA from George Washington University. His multi-disciplinary education enhances his capability to respond to the evolving demands of financial market oversight in an increasingly complex global environment.

The appointment of Rahul Varma as Acting Director of the US CFTC's DMO at a time when international markets grapple with volatility, inflationary pressures, and shifting trade dynamics. The United States, as a central player in global commodities and derivatives trading, is reinforcing its regulatory leadership through strategic appointments like Varma's. His experience in market intelligence and cross-sector surveillance will be vital in strengthening the US CFTC's ability to respond to market disruptions, enforce compliance, and guide policy formulation with a data-driven approach.

(Source: <https://www.cftc.gov/PressRoom/PressReleases/9061-25>)

US SEC Publishes Texas Stock Exchange Application for National Securities Exchange Status

On 4 April 2025, the United States Securities and Exchange Commission (**US SEC**) published a **notice** notifying the receipt and commencing the review of an application by Texas Stock Exchange LLC (**TXSE**) for registration as a national securities exchange under Section 6 of the United States Securities Exchange Act of 1934. This notice, published and documented in SEC Release No. 34-102773; File No. 10-249, invites public comment and takes up the notice to scrutinise for US SEC to evaluate TXSE's compliance with federal securities laws.

TXSE initially filed its Form 1 application on 31 January 2025, followed by Amendment No. 1 on 02 April 2025, by which they updated the exhibits and detailed operational information. The US SEC's Division of Trading and Markets is reviewing the submission to determine whether the proposed exchange satisfies all applicable statutory and regulatory requirements for national securities exchanges under the Exchange Act.

According to the application, TXSE proposes to operate a fully automated limit order book that ranks orders based on price and time priority. The exchange would not maintain a physical trading floor and would instead rely on electronic submissions by registered broker-dealer members. TXSE intends to support one class of membership, allowing registered broker-dealers to participate and optionally register as market makers, subject to compliance with specific operational obligations outlined in the TXSE Rulebook. Notably, the system is designed to remain relatively simple compared to other exchanges, limiting complex order types and instructions.

TXSE would be a wholly owned subsidiary of TXSE Group Inc., whose ownership structure is defined by a Stockholders' Agreement. This agreement imposes caps on beneficial ownership, including a 40% limit for any individual shareholder or related group and a 20% cap for TXSE members. The governing documents and corporate structure are detailed in Exhibits A, C, and J of the Form 1 filing.

Public comments are invited on the application by interested stakeholders who may submit written data and views electronically via the US SEC's rule comment page or by emailing rule-comments@sec.gov with the subject line including File No. 10-249. Paper comments may also be mailed to the Commission's Secretary at 100 F Street NE, Washington, DC. All submissions must be received within 45 days of publication in the Federal Register. The US SEC will consider all feedback as it assesses whether TXSE meets the legal and regulatory criteria under the United States Exchange Act. The full application and supporting exhibits are available for public inspection at the US SEC's website at www.sec.gov and in the Commission's Public Reference Room.

(Source: <https://www.sec.gov/files/rules/other/2025/34-102773.pdf>)

US SEC notifies the Agenda for Roundtable on Tailoring Crypto Trading Regulation on 11 April 2025

On 7 April 2025, the United States Securities and Exchange Commission (**US SEC**) announced the agenda and confirmed panelists for the upcoming roundtable titled "[Between a Block and a Hard Place: Tailoring Regulation for Crypto Trading](#)." The event will take place on 11 April 2025 at the US SEC's headquarters, in Washington, D.C., and will be hosted by the Crypto Task Force for crypto regulatory clarity.

The event is open to the public, both in person and online, and will run from 1:00 p.m. to 5:00 p.m. EDT. Attendees can submit suggestions and questions either via email to crypto@sec.gov during the event or through note cards available at the venue. A live webcast will be accessible at www.sec.gov without the need for registration, though advance registration is required for those attending in person.

The agenda will open with remarks by Richard Gabbert, Chief of Staff of the Crypto Task Force and Senior Advisor to the Acting Chairman, followed by Acting Chairman Mark T. Uyeda, Commissioner Caroline A. Crenshaw, and Commissioner Hester M. Peirce.

The central session, moderated by Nicholas Losurdo of Goodwin Procter LLP, will feature a diverse group of experts representing market participants, legal professionals, and academia. Notable panelists include Tyler Gelasch (Healthy Markets Association), Jon Herrick (New York Stock Exchange), Richard Johnson (Texture Capital), Katherine Minarik (Uniswap Labs), and Gregory Tusar (Coinbase), among others. The discussion will focus on regulatory tailoring, balancing innovation and investor protection in the evolving landscape of crypto asset trading.

Following a break at 3:00 p.m., the roundtable will conclude with a Regulatory Direction Discussion from 3:30 to 5:00 p.m., further exploring strategic approaches to oversight and market structure in the crypto domain.

The roundtable is one of several planned under the Crypto Task Force's initiative to facilitate informed, inclusive dialogue on the development of regulatory frameworks for digital assets. Full details and updates on the event, including future sessions, can be accessed through the [Crypto Task Force webpage](#). As stated by US SEC Commissioner Hester M. Peirce, who leads the Crypto Task Force, "Hearing the public's concerns and suggestions helps the SEC create a clear, sensible, and fair path forward for the crypto industry, I look forward to this roundtable and the rest of the series as we move toward crypto clarity for the benefit of the American public."

(Source: <https://www.sec.gov/newsroom/press-releases/2025-61>)

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**CHARLTONS
QUANTUM**



Hong Kong Office

Dominion Centre 12th Floor
43-59 Queen's Road East
Hong Kong

enquiries@charltonslaw.com
www.charltonsquantom.com
www.charltonslaw.com
Tel: + (852) 2905 7888
Fax: + (852) 2854 9596