

# Attorney Investigation Uncovers 2,493 Complaints Against Coinbase Since 2019

*The Securities and Exchange Commission wants more than three years and up to \$100,000 to produce records to MDF Law.*

NEW YORK, NEW YORK, USA, September 14, 2022 /EINPresswire.com/ -- The Securities and Exchange Commission recently responded to a Freedom of Information Request, or FOIA, by MDF Law concerning consumer complaints lodged against [Coinbase](#). The [law firm](#) requested copies of complaints against Coinbase from a time period of January 1, 2019 to present. In response, the Commission's Office of FOIA Services identified 2,493 consumer complaints concerning Coinbase. A copy of their letter is attached to this press release. This is Request No. 22-2809-FOIA.

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Members of Congress should request these records immediately. There is a compelling public interest for the records to be immediately released to the public. Waiting three years is unacceptable.”

*Marc D. Fitapelli, Esq.*

According to the Securities and Exchange Commission, it will take the agency “thirty-six months or more” before it

can even begin to process MDF Law's FOIA request. The Commission is also seeking reimbursement of “approximately 1,246 hours” of research time to provide copies of the public records to the law firm. This could amount to over \$100,000. The Commission cited, among other reasons for the high price tag, the somewhat ironic fact that records of complaints against Coinbase are not maintained in any centralized database. This means that the Commission must confer with other federal agencies that may have jurisdiction over Coinbase.

Within the last several weeks, the Chairman of the SEC, Gary Gensler, has publicly expressed a desire for the Securities and Exchange Commission to have exclusive jurisdiction over [crypto](#). Mr. Gensler has also made the case that existing law may already require most crypto exchanges to be registered with the commission and join an SRO, such as the Financial Industry Regulatory Authority, or FINRA. Despite making these statements, the Commission has not taken any overt steps to enforce registration requirements on exchanges. On September 13, 2022, MDF Law released a letter to Congress detailing why crypto exchanges must register with the commission and join an SRO like FINRA.

On August 30, 2022, the House Committee on Oversight and Reform sent a letter to the

Securities and Exchange Commission, as well as multiple crypto exchanges, requesting documents. The Committee's letter requested copies of the SEC's "policies and procedures" related to cryptocurrency, but did not request specific information about Coinbase. The Committee sent similar inquiries directly to Coinbase and other exchanges, but failed to request the documents sought by MDF Law (consumer complaints).

If Coinbase was required to register with the Securities and Exchange Commission, records of complaints against it would be more publicly available. For example, FINRA and the SEC both maintain extensive online databases with records of customer complaints lodged against registered broker-dealers and financial advisors. FINRA's system is known as FINRA BrokerCheck. In addition to a system of public disclosure, FINRA also maintains a dispute resolution forum for its members, many of which currently sell crypto. The rules for that forum were created through a public rulemaking process and are generally considered fair. Conversely, each

crypto exchange currently has its own rules for dispute resolution, which can be changed at their whim. These rules were created in secret by the exchanges' respective attorneys with no public or governmental oversight. Recently, a federal district court ruled that Coinbase's customer agreement and its rules for arbitration were "unconscionable" and the court voided the entire agreement. Coinbase sought an emergency stay of this agreement, but was denied by the Ninth Circuit and, most recently, the US Supreme Court.

On September 7, 2022, the "Responsible Financial Innovation Act" was introduced as a bipartisan attempt to regulate crypto. According to the website CapitolTrades.com, GOP Senator Lummis, the sponsor of the legislation, purchased more than \$50,000 in Bitcoin on August 16, 2021. She is not alone. Members of both political parties have invested heavily in crypto either in their own accounts or in accounts of their spouse. For example, Democratic Representatives Marie Newman, Ed Perlmutter, and Alan Lowenthal each reported ownership in Coinbase. Other members of Congress invested in crypto either by directly investing or by investing in ETFs offered through Grayscale Trust. This list includes Senators Ted Cruz and Pat Toomey and Representatives Michael Waltz, Marie Newman, Michael McCaul, Kenny Marchant, Mark Green and Felix Moore. Representative Felix Moore reported that he also owned Cardano and Dogecoin, a coin created as a joke based on an internet meme of a dog.

MDF Law is investigating consumer complaints against Coinbase and other crypto exchanges. MDF Law is a New York city based law firm that exclusively represents investors in complex securities matters. Its owner and founder, Marc D. Fitapelli, has helped investor recover more



Marc D. Fitapelli

than \$100 million from banks and other large financial institutions. Mr. Fitapelli has also been trained to use the same tracing software used by the FBI and Homeland Security in complex crypto currency investigations. If you have questions about crypto currency or Coinbase, please contact Marc Fitapelli at 212-203-9300.

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