

Opinion **US politics & policy**

## Trump's heist in broad daylight

Having previously declared bitcoin to be a 'scam', the US president now wants to add it to the Fed's balance sheet

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An advert for a memecoin launched by Donald Trump in January. No matter how chaotic the US president's flurry of actions, a bright thread holds them together

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There is nothing cryptic about Donald Trump's endorsement of cryptocurrency. Four years ago, he said bitcoin was a "scam". Now he wants to make America the "crypto capital of the world". To see that as a U-turn is to miss how Trump works. The second statement follows naturally from the first.

On Sunday, Trump said that five cryptocurrencies would be included on the US Federal Reserve's balance sheet. America's "crypto reserve" would include bitcoin, ethereum and three others (solana, cardano and XRP) that caught investors unawares. Whether David Sacks, Trump's "crypto and AI czar", whose investment firm has stakes in all five, was also surprised is a question for the Securities and Exchange Commission. Each surged in value following Trump's announcement.

A few hours later, Trump scrapped America's chief anti-money laundering measure — the rule that US shell companies must disclose their beneficial owner. The second move also flowed from his first. Last month, he shut down the Department of

Justice's anti-kleptocracy initiative, which has been seizing assets such as mega yachts from sanctioned Russian oligarchs.

The most striking aspect to these steps, which amount to a charter for criminals, is that Trump is making little attempt to dress them up. This pig has no lipstick. Trump and his wife Melania have launched their own memecoins. Trump's alter ego, Elon Musk, is also a heavy crypto investor. Indeed, there is a non-cryptic clue in Musk's so-called Department of Government Efficiency (Doge), which shares an acronym with a cryptocurrency. One of Musk's nicknames is "Dogefather".

No matter how chaotic Trump's flurry of actions, a bright thread holds them together. France's Louis XIV first summarised it as: "*L'État, c'est moi.*" Trump might update that to: "The State — it's me (and Elon for now)." The planned launch of a crypto reserve is more transparent than most; the Fed would serve as backstop for investors in a speculative asset with no obvious use value except to criminals and the dark web. It will be an insurance floor for billionaires, including the Trump family. If crypto's value falls, the Fed can step in and buy more.

It is even harder to find a public value for anonymous limited liability companies. Complying with the Treasury anti-money laundering regulations involved filling in short forms and legally signing off. Trump claimed the rules were a "disaster for small businesses nationwide". Better-informed FT readers might suggest a legitimate business that would disguise its ultimate ownership. I cannot think of one. It is worth recalling that a Reuters investigation in 2017 estimated that a third of the units in Trump's Florida towers were anonymously owned. It also found that Russian passport holders had invested at least \$98.4mn in Trump's seven luxury-branded Florida towers.

It gets worse. Musk's Doge operation aims to cut public spending by rooting out waste, fraud and abuse. His declared savings do not yet add up to a decimal rounding error. But Doge's hit to US regulatory capacity is already significant. Thousands have also been fired from the Internal Revenue Service. If Doge's goal was fiscal efficiency, it would be doing the opposite. For every dollar invested in tax collection, the IRS yields at least five in return. Ordinary taxpayers have their income deducted at source. Musk, whose company Tesla has paid no federal income taxes in two of the last three years, employs people to ensure collection day never arrives.

The Washington landscape is littered with regulatory agencies in turmoil. But Musk's impact on the Federal Aviation Administration deserves special citation. Without public bidding, Musk's Starlink seems to be looking to take over the FAA's air traffic

control system. In the absence of Musk identifying waste, fraud and abuse, here is an example. A hostile takeover of the FAA by Starlink would be an abuse of power that involves probable waste and is quite possibly a fraud on the US taxpayer. It could also put air passengers in danger.

The idea that Trump is “flood[ing] the zone with shit” no longer makes sense when his actions all point in one direction. Even his foreign policy is driven by acquisition, whether that be turning the Gaza Strip into a Middle Eastern riviera, buying Greenland or taking Ukraine's mineral resources. Trump's crypto move threatens a similar predation on the US taxpayer — as do Musk's conflicts of interest. All of this is occurring under America's nose. Trump has subverted the role of the public servant. The US state now serves him.

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