

Policy Backgrounder

The US Crypto Reserve and Other Developments

The Administration has established a national crypto reserve, initially consisting of bitcoin and other cryptocurrencies already held by the Federal government. Proponents argue that holding crypto is a prudent investment that could help reduce the national debt while also securing a US leadership role in a strategically important sector. However, detractors counter that crypto is volatile, lacks significant strategic importance, and that government involvement could introduce conflicts of interest.

Key Insights

- The announcement of a national crypto reserve pleased some crypto backers while the decision that the reserve would, at least initially, consist only of crypto already held by the government was a disappointment for others.
 - Though the government reportedly holds 200,000 bitcoin and unknown quantities of other cryptocurrencies seized through law enforcement operations, that number may include a significant number of assets currently held in custody by the government, but which may be returned to their rightful owners after the relevant legal proceedings conclude.
 - Policymakers are considering other options for expanding the reserve through active crypto purchases.
 - This is just one of many pro-crypto steps the Administration has taken since entering office.
-

What Is the Crypto Reserve?

On March 6, the President [signed](#) an Executive Order creating a “Strategic Bitcoin Reserve” and a “United States Digital Asset Stockpile,” (the “crypto reserve”), acting on a proposal he had initially [shared](#) at a Bitcoin conference in July 2024. According to the Order, both funds will initially be capitalized only with digital assets already held by the US government from “criminal or civil asset forfeiture proceedings or in satisfaction of any civil money penalty.” Notably, the Order specifies that the government will not add to the US Digital Asset Stockpile by any other means without further executive or legislative action, but it does not make a similar specification regarding the Strategic Bitcoin Reserve. Instead, it directs the Treasury and Commerce Secretaries to “develop strategies” for acquiring additional bitcoin in ways that are “budget neutral.” It is uncertain whether the President would have the authority to make such purchases without Congressional approval.

The Order followed a volatile week for crypto prices after the President [posted](#) to social media on March 2 that the reserve would include several additional cryptocurrencies – Ethereum, Ripple’s XRP, Solana, and Cardano’s ADA. The announcement caused the prices of those cryptocurrencies to spike briefly as some observers [thought](#) the government would begin actively purchasing those assets. However, prices fell after the Order indicated that, at least for now, the government would not be making new crypto purchases.

According to the Administration’s “crypto czar,” [David Sacks](#), the US government currently owns about 200,000 bitcoin already seized in criminal and civil proceedings, a sum worth about \$16 billion as of March 2025. The government has also sold about 195,000 bitcoin (generally via auction) over the last decade, generating \$366 million. It is not clear in what quantities the government may own other digital assets cited in the President’s social media post.

The Administration [argued](#) that to date, the government’s handling of its crypto assets has been disjointed, with various Federal agencies seizing and holding cryptocurrencies. Further, it noted that bitcoin the government has already sold would be worth about \$17 billion today. Instead, the Administration believes a centralized reserve would “ensure proper oversight, accurate tracking, and a cohesive approach” that would allow the government to manage the assets for “national prosperity.” This reflects the Administration’s [stated](#) aim to “make America the crypto capital of the world” and joins several other pro-crypto steps taken by the Administration.

Mixed Reactions

Some crypto backers have applauded the Administration’s actions, [arguing](#) that since Bitcoin has a fixed supply (21 million), nearly all of which is already in circulation, it is a deflationary asset like gold that could defend against monetary devaluation and could be used to pay down the national debt. They also [believe](#) that the government’s involvement will spur broader cryptocurrency usage. Other backers support these initial steps but see them as insufficient, instead [arguing](#) that the government should begin actively purchasing crypto.

However, some observers, including proponents of cryptocurrency in general, have expressed concerns about the crypto reserve. They [argue](#) it could potentially lead to market manipulation and create [conflicts of interest](#). They also suggest that there is no strategic need for the US government to own crypto as there is with oil, rare earth minerals, medical supplies, or certain other resources. Other crypto supporters have [stated](#) that only bitcoin should be included in the reserve and that including other cryptocurrencies could [introduce bias](#) by picking winners and losers. Crypto skeptics further counter that the economic arguments comparing Bitcoin to gold as a support for the US dollar are [flawed](#) since the US has not relied on the gold standard since 1971. Others have [criticized](#) the risks of exposing taxpayers to a volatile asset.

Potential Impacts May Be Overstated

Many of the claims of both proponents and opponents of the crypto reserve may be overstated. For example, while there are threats to the US dollar's dominant role in international finance, there is [no indication](#) that cryptocurrencies account for a significant share of global reserves or trade. For example, while the US dollar share of global reserves has declined from 71 percent in 1999, it has been relatively stable at about 60 percent for the last 15 years. Furthermore, the decline has been [driven](#) by a shift toward alternative sovereign currencies (e.g., the Chinese renminbi) in international trade and holdings of foreign reserves rather than toward cryptocurrencies. It is also not clear that US investments in bitcoin would have an appreciable impact on the debt as Bitcoin's market capitalization [totals](#) just \$1.6 trillion while the national debt [exceeds](#) \$36 trillion. Finally, US government ownership of bitcoin, even in large sums, alone would [not enable](#) it to stop adversaries from using it to evade sanctions.

On the other hand, the threats to the US dollar associated with the crypto reserve may also be exaggerated. Despite their growth, crypto currency markets continue to be [dwarfed](#) by traditional markets. For example, the market value of US Treasury debt [exceeds](#) \$27 trillion, dollar-denominated [deposits](#) in US commercial banks total nearly \$18 trillion, and US currency in circulation is [nearly](#) \$2.3 trillion. The total global market [capitalization](#) of cryptocurrencies is a comparatively modest \$2.6 trillion, and the US crypto reserve will likely total only a few billion dollars, too small to have a notable impact on the dollar system or Treasury markets.

How the Government Manages Cryptocurrency

The Order capitalizes the crypto reserve with cryptocurrencies already held by the government from forfeiture, posing implications for the Federal asset forfeiture process. Assets seized by the Federal government (including physical property and financial assets) are subject to a [multi-step process](#) governed by statute, agency policies, and the outcome of legal proceedings. Cash and other financial assets, once forfeited to the government (e.g., after a criminal conviction involving the assets), are either returned to the victims of the underlying crime, shared with other law enforcement agencies that contributed to the forfeiture, or transferred to one of the government's asset forfeiture funds. The forfeiture funds may also hold seized assets temporarily while the legal process unfolds. The government's [primary funds](#) for managing forfeited cash and other financial assets are the Department of the Treasury's Treasury Forfeiture Fund (TFF), managed by the [Treasury Executive Office for Asset Forfeiture](#) (TEOAF),

and the Department of Justice's (DOJ) Assets Forfeiture Fund (AFF), managed by the [US Marshals Service](#) (USMS). Federal statute ([31 USC 9705](#) for the TFF and [28 USC 524](#) for the AFF) governs which fund receives the forfeited assets.

According to the DOJ [Asset Forfeiture Policy Manual](#), once an asset is forfeited, the USMS must “promptly” sell the asset and deposit the proceeds into the AFF or TFF as appropriate. A 2022 [audit](#) conducted by the DOJ Office of the Inspector General (OIG) noted that until 2020 the USMS would liquidate forfeited cryptocurrency through public auctions, which required obtaining approval to hold an auction and advertising the auction to attract enough buyers to capable of acquiring the available bitcoin. This practice changed in 2021 when USMS established an account allowing it to, in theory, liquidate forfeited bitcoin immediately. However, the OIG report notes that liquidation typically occurs 30 to 60 days after forfeiture.

It is not clear what TEOAF's policy for liquidating forfeited cryptocurrencies may be as the policy for the “Management of Seized and Forfeited Bitcoin” is [under review](#) for revision, which appears to have been the case since [at least 2022](#). However, an available [copy](#) of the directive dated to 2016 delegates responsibility for managing the TFF's bitcoin holdings to USMS.

Legal Considerations

Federal law governs the permissible use of assets held in the forfeiture funds. For example, TFF funds may be used at the discretion of the Treasury Secretary to pay for a variety of law enforcement-related expenses, including costs incurred during investigations leading to the assets' seizure, informant compensation, and training of law enforcement personnel. Similar allowances are made for the AFF in its authorizing statute. The statutes allow the funds to be carried from one fiscal year to the next. By law, funds not needed for current operations may be invested in obligations of or guaranteed by the US (e.g., Treasury securities) in the case of the TFF or in public debt securities determined by the Treasury Secretary in the case of the AFF.

The Executive Order alters the process for handling forfeited assets and the operations of the TFF and AFF. The Order stipulates that cryptocurrencies may continue to be sold or transferred as required by law, pursuant to a court order, for the purpose of returning them to the victims of crimes, for use in law enforcement operations, or to meet other requirements outlined in the statutes establishing the forfeiture funds. However, those statutes grant the Treasury Secretary and Attorney General broad discretion to determine *whether* to spend the funds available to them in the TFF or AFF. As a result, the Order will reduce TFF and AFF funding derived from the sale of forfeited cryptocurrencies. The Order also directs agencies, including the DOJ, to “review its authorities” to transfer any bitcoin they hold to the Treasury Department. Yet because an Executive Order cannot overturn a provision of a statute, it is not clear that other agencies, including the DOJ, have the authority to transfer their crypto holdings to the reserve.

How Much Crypto Does the Government Have?

Despite [claims](#) that the government holds \$16 billion in bitcoin and undisclosed amounts of other cryptocurrencies, the crypto reserve may end up being much smaller. It is not clear, for

example, whether the claimed figures include assets seized by the government which may eventually be returned to their rightful owners in lieu of forfeiture. Publicly available financial statements for the TFF and AFF also suggest that the government's holdings of forfeited cryptocurrencies may be significantly smaller than some believe. For example, the TFF's most recent [balance sheet](#) covering FY 2023 reports total "cash and other monetary assets" holdings of only \$166 million, which likely includes both cryptocurrency and other assets. Similarly, the AFF FY 2023 [balance sheet](#) reports \$3.1 billion in cash and other monetary assets. Notably, larger sums (\$2.4 billion in the TFF and \$4.7 billion in the AFF) are reported on the liability side of the ledger, which includes assets that have been seized, but not forfeited to the government.

Related Administration Actions

Crypto asset prices rose sharply following the President's election due to expectations that he would advance pro-crypto policies. As [expected](#), the Administration has taken several steps cheered by crypto proponents and has [established](#) a working group of Federal agencies to recommend changes to support the growth of digital assets. Notably, the President also nominated Paul Atkins, a crypto supporter, to chair the SEC, an agency that had been [seen](#) as strongly anti-crypto under the previous chair. The SEC's current acting chair has already taken a lighter regulatory approach, [dropping](#) a lawsuit against a major crypto exchange for allegedly selling unregistered securities, [reportedly](#) ceasing investigations into several other crypto firms, and [stating](#) that "meme coins" are not subject to Federal securities laws.

Banking regulators have also indicated they will take a lighter regulatory approach. The Office of the Comptroller of the Currency (OCC), which supervises national banks, issued an [interpretive letter](#) rescinding previous guidance that required OCC-supervised institutions to receive a supervisory nonobjection before engaging in certain cryptocurrency activities. The Federal Deposit Insurance Corporation (FDIC) has also [stated](#) that it is reevaluating its supervisory approach to crypto-related activities and launching a "comprehensive review" of its previous supervisory communications with banks related to crypto products and services.

Conclusion

On March 7, the President hosted a [crypto summit](#) with executives emphasizing the Administration's commitment to supporting the industry and reducing regulatory burdens. The Order on the crypto reserve reflects the Administration's enthusiasm for this industry. For many in the industry, the greater objective is to achieve broader adoption, integration, and competition with traditional financial and payment systems. As a result, the Administration's other pro-crypto actions may prove more significant in the long term.

The Order also raises significant legal and policy questions about the President's authority to direct the purchase of crypto assets without Congress changing statutes that govern the use of forfeited assets, Treasury's role in managing cryptocurrencies for maximum return, and impacts on funding for law enforcement. Implementation of the Order could prove challenging, even without further government purchases for the reserve.

About the Authors



David Young, President, CED



John Gardner, Vice President of Public Policy, CED



PJ Tabit, Principal Economic Policy Analyst, CED

THE CONFERENCE BOARD is the Member-driven think tank that delivers *trusted insights for what's ahead*®. Founded in 1916, we are a nonpartisan, not-for-profit entity holding 501(c)(3) tax-exempt status in the United States.

The Committee for Economic Development (CED) is the public policy center of The Conference Board. The nonprofit, nonpartisan, business-led policy center delivers trusted insights and reasoned solutions in the nation's interest. CED Trustees are chief executive officers and key executives of leading US companies who bring their unique experience to address today's pressing policy issues. Collectively, they represent 30+ industries and over 4 million employees.

© 2025 The Conference Board, Inc.