

MVP: Cleary's Matt Solomon

By Aislinn Keely

Law360 (November 13, 2024, 2:14 PM EST) -- Matt Solomon of Cleary Gottlieb Steen & Hamilton LLP's digital asset disputes practice won a rare dismissal from the U.S. Securities and Exchange Commission when the agency dropped its claims against the CEO of Ripple Labs, and he's taking the lessons from that case to defend another high-profile crypto suit from the SEC, earning him a spot as one of the 2024 Law360 Fintech MVPs.

His biggest accomplishment:

Solomon has spent the years since the SEC's 2020 filing of the headline-grabbing Ripple Labs registration suit defending the company's CEO, Brad Garlinghouse, against claims he aided and abetted unregistered securities sales of the firm's XRP token. Solomon said his biggest accomplishment of the year came when the agency called off a looming trial against Garlinghouse and Executive Chairman Christian Larsen in the wake of a summary judgment decision that scored Ripple multiple victories and whittled down the agency's remaining claims against the executives.

A hard-fought discovery battle that allowed the teams representing Ripple and the executives access to certain agency documents "set a positive tone for us for the rest of the litigation, and enabled us to get a favorable shift on summary judgment," Solomon said. That summary judgment decision found that XRP was only sold as an unregistered security to institutions — not on public exchanges or when used as a payment mechanism.

Solomon said he is proud of his work defending Garlinghouse because "it was a righteous case" that the SEC should not have brought. Ripple and its executives maintained throughout the case that the company's XRP sales were on the right side of the law and the SEC's stance on the application of securities laws to digital assets remained murky. The case was closely watched by the crypto industry for further insight into the SEC's treatment of crypto.

"It was one of the first major cases brought in the crypto space, and it got a lot of publicity, and I think the entire industry was looking at that case carefully, because it felt like making law with each decision that the magistrate judge, the district court judge issued," he said.



As Garlinghouse's counsel, Solomon worked alongside Ripple's team from Debevoise & Plimpton LLP, Kellogg Hansen Todd Figel & Frederick PLLC and Larsen's Paul Weiss Rifkind Wharton & Garrison LLP counsel to litigate the headline-grabbing case. He may reprise his role as part of the appeals process now that both the agency and Ripple have challenged the split ruling. It is not clear whether any claims against Garlinghouse and Larsen will be part of the appeal process, but Solomon said he expects to be involved.

His biggest challenge:

Solomon said it continues to be challenging to get past "the SEC skepticism towards crypto," particularly in persuading the agency to turn away from certain matters. Many of those never become public, Solomon said, but others lead to court battles, often when the agency puts too high a price on remedies.

Solomon himself previously served as chief litigation counsel at the SEC, and during his time with the regulator, he said, he found directors and commissioners open to his assessments of litigation risk, settlement potential or whether a case should be brought at all. He said he hopes that collaborative approach is still present under the current administration.

"At least with respect to some of my clients, I feel like the agency has been aggressive to the point of not necessarily being open to the same kinds of arguments that perhaps it's been open to in the past," Solomon said. "That may be something unique to crypto, but I think it's something that has been challenging and frustrating in the past year."

Solomon is currently defending crypto exchange Payward Ventures, known as Kraken, in an enforcement suit alleging the firm failed to register as a securities exchange. During the Ripple battle, Solomon said, counsel tried to be "scrupulously credible and candid with the court in our arguments," and the firm plans to carry that forward in its other cases, especially crypto-focused matters.

"That's something we at Cleary do as a firm in all of our cases, but in particular in cases where the subject matter is very difficult and a generalist judge has to come in and learn the subject matter and it's a very esoteric area of the law," Solomon said.

His proudest moment:

In representing Garlinghouse and Kraken, Solomon has been at the fore of two closely watched matters, but he said his proudest moment of the year came in a closed-door matter. Solomon counseled an unnamed crypto fund manager "who had potential civil and criminal exposure," and persuaded the government to close the inquiries after a series of presentations.

He said he was proud to help an individual through a taxing experience, even though it never made its way to the public.

"Sometimes the most gratifying cases are the ones that folks never know about," he said.

His advice for junior attorneys:

Solomon said that during the Ripple matter, everyone at Cleary took personal ownership and accountability, and "embraced Brad and this case as their client."

Junior lawyers who embrace a client as their own, rather than thinking of them as a client of a certain partner or the firm, tend to immerse themselves in the facts and details of the matter and anticipate the next moves of the case, Solomon said. He finds attorneys who take that kind of ownership over a matter don't wait to be told what to do and bring their own ideas to the table, and that leads them to become sharper advocates for their clients.

"That's the advice I would give juniors, is have that attitude of really embracing the matters you're working on, think of the clients as your own clients, living and breathing their issues," he said.

--As told to Aislinn Keely. Editing by Vaqas Asghar.

Law360's MVPs are attorneys who have distinguished themselves from their peers over the past year through high-stakes litigation, record-breaking deals and complex global matters. A team of Law360 editors selected the 2024 MVP winners after reviewing nearly 900 submissions.

All Content © 2003-2024, Portfolio Media, Inc.