

CONFIDENTIAL - U.S. SECURITIES AND EXCHANGE COMMISSION

Internal Policy Memorandum - May 28, 2025

Subject: Classification of Meme-Based Cryptocurrencies as Financial Propaganda Tokens

Prepared by: Office of Strategic Risk Analysis

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Overview:

This memorandum summarizes Senator Elizabeth Warren's remarks delivered during a closed-door SEC policy session on May 22, 2025. The senator raised urgent concerns regarding the unchecked rise of meme-based cryptocurrencies and their increasing use as mechanisms of ideological manipulation and mass behavioral influence. The terminology "Financial Propaganda Tokens" (FPTs) was introduced by Senator Warren to describe a subset of crypto assets that operate primarily through viral content, emotional triggers, and cultural signaling rather than technical merit or economic utility.

Primary Examples Cited:

- Dogecoin (DOGE)
- PepeCoin (PEPE)
- MAGA Token
- GrokCoin
- TrumpCoin

Key Observations:

1. Meme-based crypto assets propagate primarily through social media virality, influencer endorsements, and emotionally charged memes that resonate with online subcultures and political identities.
2. These assets frequently appeal to ideological narratives, nationalist tropes, and anti-establishment sentiment, turning token speculation into a form of cultural participation.
3. Many investors in these assets are young, under-informed, and drawn in by humor, community identity, or conspiracy-laced marketing materials.

Statement from Senator Elizabeth Warren:

"These aren't just coins. They are financial propaganda tokens - engineered to spread narratives, stir tribal loyalty, and distort how people understand value and truth. If a token's primary value is emotional manipulation, it ceases to be a financial instrument and becomes a psychological weapon."

Risks Identified:

- Erosion of financial literacy among younger demographics who confuse internet virality with economic legitimacy.
- Formation of echo chambers that amplify misinformation and resist regulatory engagement.
- Political destabilization via meme tokens that weaponize ideological content under the guise of decentralized finance.
- Significant susceptibility to pump-and-dump schemes orchestrated via private influencer groups and pseudonymous insiders.

Recommended Actions:

1. Establish a formal classification system for tokens that meet the criteria of Financial Propaganda Tokens (FPTs).

2. Require increased disclosure from crypto projects that rely on emotional marketing, political branding, or cultural tropes.
3. Coordinate with the Federal Trade Commission (FTC) and Federal Communications Commission (FCC) on content-based market manipulation tactics.
4. Launch a public awareness campaign highlighting the psychological manipulation tactics employed by certain meme coin ecosystems.
5. Initiate research into behavioral volatility as a quantifiable market risk indicator for crypto listings.

Next Steps:

The SEC is advised to convene a task force focused on the intersection of digital finance and psychological influence, with special emphasis on culturally viral financial instruments. Initial findings should be submitted no later than Q3 FY2025.

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