

Blockchain company outlines US roadmap for fighting illicit crypto activities

Article

The news: Chainalysis, a blockchain fintech that offers investigatory and compliance solutions, is [proposing](#) steps that the US government can take to clamp down on sanctions

evasion and other illicit activities using cryptos.

- Co-founder and Chief Strategy Officer Jonathan Levin shared the company's proposals in testimony before the Senate Banking Committee.

The proposals: Sanctions the US levied after Russia invaded Ukraine provided **context** for Levin's testimony as he shared three short-term steps designed to address sanctions compliance.

- **Add sanctions designations to entities that enable evasions**, which could include crypto exchanges and mixers. Levin cited designations levied on two entities, **Chatex** and **SUEX** as precedents.
- **Add digital wallets to sanctions designations of individuals**—including their wallet addresses, to help cut off funding to the wallets.
- **Boost information sharing** to improve the government's awareness of current threats.

Levin also proposed four long-term measures to better fight crypto-based illicit activities more broadly:

- **Congressional funding for blockchain intelligence**, to support tools and personnel count. The funding would go to two Treasury Department entities: the Office of Terrorism and Financial Intelligence (TFI) and the Financial Crimes Enforcement Network (FinCEN).
- **Congressional funding for training and staffing** agencies dedicated to probing illicit crypto activities.
- **Give clarity to existing market regulators**, like the Securities and Exchange Commission (SEC) and Commodity Futures Trading Commission (CFTC), with respect to their jurisdictional authorities in the digital assets space.
- **Establish a Virtual Asset Coordination Center** to enhance how federal agencies work together for the space.

The big takeaway: Chainalysis' suggestions help advance the ongoing dialogue about regulating crypto. Oversight that ensures consumer safety will help the asset class shed its **"Wild West"** reputation and become more mainstream.

- Dedicated funding and resources for market regulators may assuage companies or individuals who are wary about participating in crypto.

Addressing sanctions in particular could help US authorities with a major enforcement gap: uncertainty over how much crypto exchanges are helping Russia dodge sanctions.

- In the same week, a group of Democratic senators proposed legislation to go after crypto companies that help with Russian sanctions evasion.

Primary Motivation of UK/US Cryptocurrency Owners* for Buying Cryptocurrency, Jan 2022

% of respondents

	UK	US	Total
As I believe cryptocurrency is the future of money	24%	26%	25%
For the fun/thrill of crypto trading	23%	18%	21%
To diversify my assets/investment portfolio	18%	22%	20%
As a secondary source of income (i.e., crypto trading is not my main/only job)	22%	16%	19%
As my primary source of making money (i.e., crypto trading is my main/only job)	10%	14%	12%
Don't know	2%	3%	3%

*Note: n=2,015 with at least 1,000 from the US and UK; numbers may not add up to 100% due to rounding; *includes current and former cryptocurrency owners
Source: Paysafe, "Inside the crypto community: Plotting the journey to mass adoption" conducted by Sapio Research, Jan 11, 2022*

273084

InsiderIntelligence.com