

# Jailed US Ethereum developer sets example for those using crypto to dodge sanctions

Article

**The news:** A former developer of the cryptocurrency Ethereum was sentenced to more than five years in prison and fined \$100,000 for **helping North Korea use cryptos to evade US**

**sanctions**, per NBC News.

Virgil Griffith admitted to sharing information with the North Korean government explicitly aimed at helping dodge sanctions. The former hacker also once presented at a crypto conference in Pyongyang in front of a sign reading “No sanctions!” with a smiley face.

**Zooming out:** The sentencing occurred against the backdrop of widespread **concern** that **Russia could use crypto to minimize the impact of sanctions**. Last month, the Biden administration reportedly **asked** cryptocurrency exchanges to help prevent Russia from using cryptos to evade sanctions.

**What this means:** The judge in the case cited current US sanctions imposed on Russia to justify **harsh sentences** to deter others from violating sanctions laws.

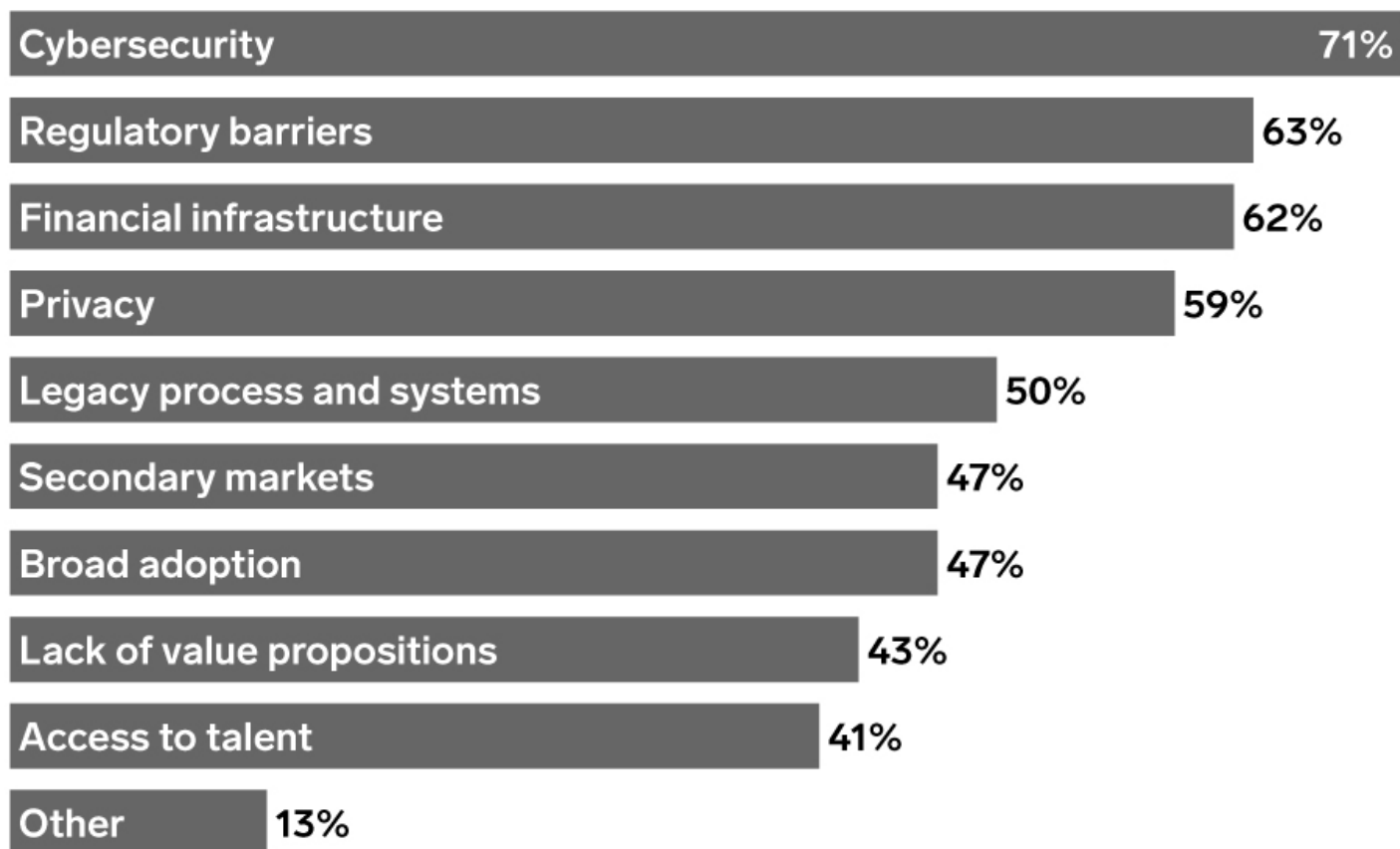
- **Sanctions concerns persist:** The decentralized and largely anonymous nature of cryptos like **Bitcoin** means governments can potentially use them to flout sanctions. Following Russia’s invasion of Ukraine, the sharp contrast between the falling price of the Russian ruble and the rising price of some cryptos stoked fears that the latter was being used to bypass the economic blockade.
- **Harsher oversight is here:** The US is clamping down on those using crypto for illegal activities. Earlier this year, Securities and Exchange Commissioner Hester Peirce **noted** that she sees a lot of working guidance occurring “through enforcement” rather than through new legislation.
- **Crypto can’t ditch its image problem:** Well-publicized **controversies**, its association with the dark web, and criticism from **prominent figures** haven’t helped with crypto’s image problem.

**The big takeaway:** Digital assets’ growing popularity coincides with mounting fears of their use for shady practices. Chainalysis reported that **crypto-based crimes reached a record global high in 2021**, with users losing a total of **\$14 billion**, almost double from 2020.

In the absence of direct US crypto regulation, firms and individuals that fail to self-regulate risk increasingly aggressive retribution from those enforcing the space.

# Biggest Obstacles to Acceptance and Use of Digital Assets According to Financial Services Executives Worldwide, April 2021

*% of respondents*



*Note: n=1,280; respondents could select more than one*

*Source: Deloitte, "2021 Global Blockchain Survey," Aug 19, 2021*

268822

[InsiderIntelligence.com](https://www.insiderintelligence.com)