

# Cryptocurrency-related businesses vulnerable to money laundering, terrorist financing, and other illicit crime.

FinCEN and U.S. law enforcement have observed unregistered entities being exploited or wittingly allowing their platforms to be utilized by criminals in the United States and abroad to further illicit activity, including through:

- Foreign-located MSBs
- Peer-to-peer Exchanges
- Dark Web Marketplaces
- Convertible Virtual Currencies (CVC) Kiosks & ATMS

Foreign-Located MSBs



**THE SURFACE WEB** (known as 'Clearnet') 4%

- Wikipedia
- Google
- Bing
- Social Media platforms

**UNDER THE SURFACE**

**THE DEEP WEB** 90% of the content on the web

- Government Databases
- Government websites
- Medical Records
- Academic Information
- Legal Documents
- Scientific Reports
- Subscription Information
- Banking and Financial Databases

The 'DEEP WEB' is the content of databases that cannot be found or indexed by conventional search engines.

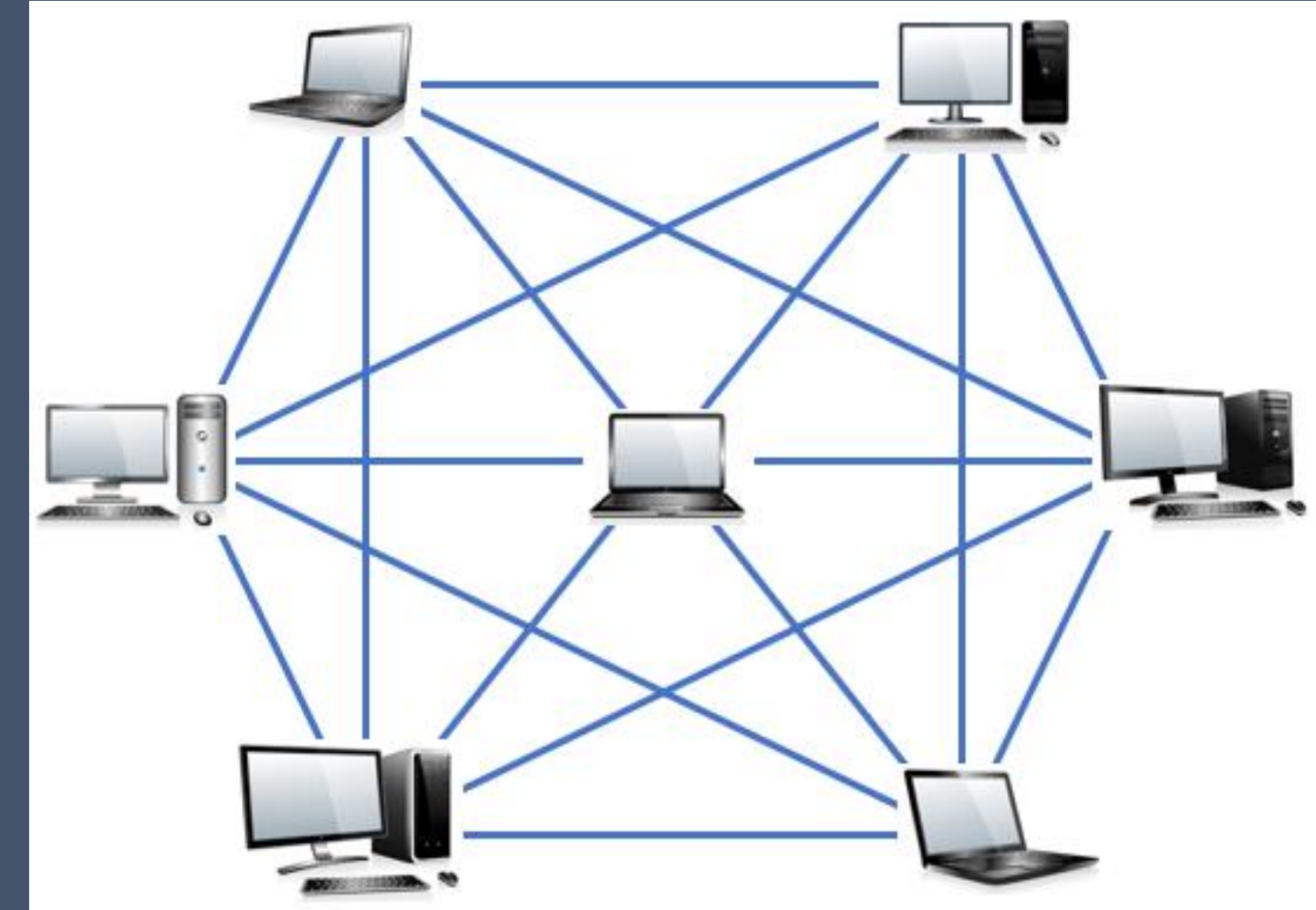
**THE DARK WEB** 6%

- Sites with Illegal information
- Drug trafficking sites
- Terrorist, Pornography, Pedophilia sites
- Friend-to-friend or peer-to-peer networks
- TOR encrypted sites - Freenet, I2P, and Riffle
- Bitcoin services such as 'Tumblers'

The 'DARK WEB' is the encrypted network that exists between TOR Servers and there clients.

Dark Web Marketplaces

Peer-to-Peer Exchanges



Convertible Virtual Currency (CVC) Kiosks & ATMs



# Bitcoin Should Be Treated Like Cash



Bitcoin Address Addresses are identifiers which you use to send bitcoins to another person.

Summary	
Address	13j7F5yUMCBSunF1nzMjHVLP58sVeYDqWu
Hash 160	1de6eee8aed53a5740b3766e78b563b8eea74e57
Transactions	
No. Transactions	2
Total Received	0.00409572 BTC
Final Balance	0.00204826 BTC



Request Payment    Donation Button

### Transactions (Oldest First)

Filter

adcbfc62c417d6b0a19d7ef6b1a09b7b9d8ad560e9bf05f3493fdf2fc115868c		2019-10-12 00:29:30
13j7F5yUMCBSunF1nzMjHVLP58sVeYDqWu	→	3PkgoXGUisbuZDyLesbenCds0MAHGdvMzw 13j7F5yUMCBSunF1nzMjHVLP58sVeYDqWu
		0.002 BTC 0.00204826 BTC
		-0.00204746 BTC
720f5aa378f4603cee5f04d45be86a1c12ee48961d9808f7af62a9e5c5916169		2019-10-12 00:01:53
38ENmTr2AD1avJrmmi9iM7Pfs6nZVmuMKf	→	13j7F5yUMCBSunF1nzMjHVLP58sVeYDqWu
		0.00409572 BTC
		0.00409572 BTC

General URL: <https://www.blockchain.com/explorer>

Transaction Above: <https://www.blockchain.com/btc/address/13j7F5yUMCBSunF1nzMjHVLP58sVeYDqWu>



# Law Enforcement Likes Bitcoin



12QtD5BFwRsdNsAZY76UVE1xyCGNTojH9h; alt. Digital Currency Address - XBT



13f59kUM5FU8MfTG7DCEugYarDhSD7XCoC; alt. Digital Currency Address - XBT



1Kuf2Rd8mDyAViwBozGTNYnvWL8uYFrkVo; alt. Digital Currency Address - XBT



1P3ZiGFLezzYGg9k5SVzQmnyh7nrUmF2y; alt. Digital Currency Address - XBT



1EpMiZkQVekM5ij12nMiEwttFPcDK9XhX6; alt. Digital Currency Address - XBT

# OFAC Bitcoin Address Screening

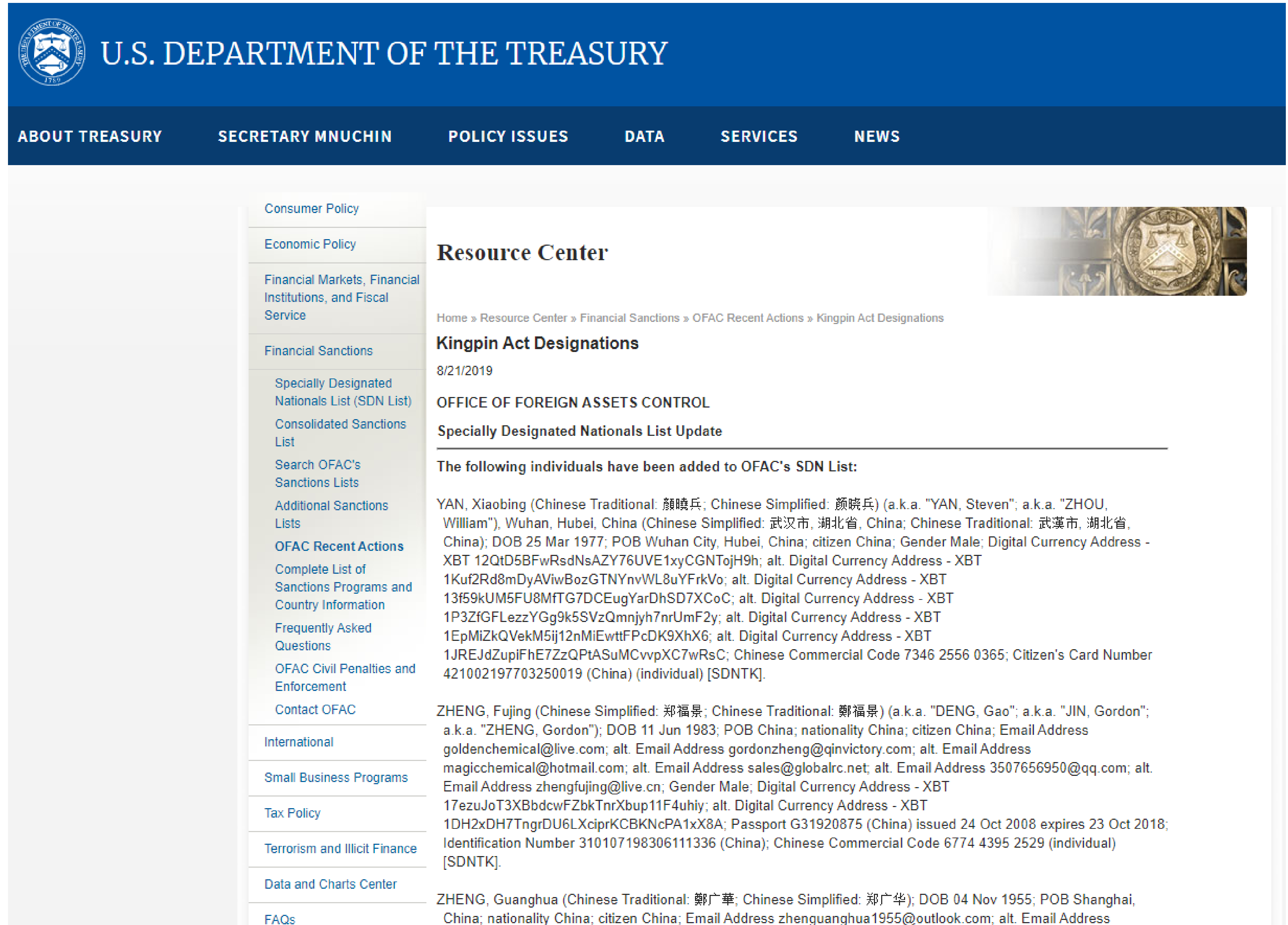
“XBT” is a new abbreviation for Bitcoin (BTC) that is starting to come into use and reflects its growing legitimacy as an international currency. The abbreviation “XBT” comes from the International Standards Organization (ISO) that maintains a list of internationally recognized currencies.

<https://www.iso.org/home.html>

OFAC began listing Digital currency addresses on the SDN list following FAQs issued in March 2018. SDN listings include the user’s unique wallet address (alphanumeric identifier, up to 256 characters) and identify the digital currency to which the address corresponds:

- Bitcoin (XBT)
- Ethereum (ETH)
- Litecoin (LTC)
- Neo (NEO)
- Dash (DASH)
- Ripple (XRP)
- Iota (MIOTA)
- Monero (XMR), and
- Petro (PTR).

[https://www.treasury.gov/resource-center/faqs/Sanctions/Pages/faq\\_compliance.aspx#vc\\_faqs](https://www.treasury.gov/resource-center/faqs/Sanctions/Pages/faq_compliance.aspx#vc_faqs)



The screenshot shows the U.S. Department of the Treasury website. The top navigation bar includes links for ABOUT TREASURY, SECRETARY MNUCHIN, POLICY ISSUES, DATA, SERVICES, and NEWS. The left sidebar contains a menu with categories like Consumer Policy, Economic Policy, Financial Markets, Financial Institutions, and Fiscal Service, and Financial Sanctions. Under Financial Sanctions, there are links for Specially Designated Nationals List (SDN List), Consolidated Sanctions List, Search OFAC's Sanctions Lists, Additional Sanctions Lists, OFAC Recent Actions, Complete List of Sanctions Programs and Country Information, Frequently Asked Questions, OFAC Civil Penalties and Enforcement, and Contact OFAC. The main content area is titled "Resource Center" and "Kingpin Act Designations" dated 8/21/2019. It is from the "OFFICE OF FOREIGN ASSETS CONTROL" and titled "Specially Designated Nationals List Update". It states: "The following individuals have been added to OFAC's SDN List:" and lists two individuals: YAN, Xiaobing and ZHENG, Fujing, with their respective details and digital currency addresses.

**U.S. DEPARTMENT OF THE TREASURY**

ABOUT TREASURY   SECRETARY MNUCHIN   POLICY ISSUES   DATA   SERVICES   NEWS

Consumer Policy

Economic Policy

Financial Markets, Financial Institutions, and Fiscal Service

Financial Sanctions

Specially Designated Nationals List (SDN List)

Consolidated Sanctions List

Search OFAC's Sanctions Lists

Additional Sanctions Lists

**OFAC Recent Actions**

Complete List of Sanctions Programs and Country Information

Frequently Asked Questions

OFAC Civil Penalties and Enforcement

Contact OFAC

International

Small Business Programs

Tax Policy

Terrorism and Illicit Finance

Data and Charts Center

FAQs

## Resource Center

Home » Resource Center » Financial Sanctions » OFAC Recent Actions » Kingpin Act Designations

### Kingpin Act Designations

8/21/2019

OFFICE OF FOREIGN ASSETS CONTROL

#### Specially Designated Nationals List Update

The following individuals have been added to OFAC's SDN List:

YAN, Xiaobing (Chinese Traditional: 顏曉兵; Chinese Simplified: 颜晓兵) (a.k.a. "YAN, Steven"; a.k.a. "ZHOU, William"), Wuhan, Hubei, China (Chinese Simplified: 武汉市, 湖北省, China; Chinese Traditional: 武漢市, 湖北省, China); DOB 25 Mar 1977; POB Wuhan City, Hubei, China; citizen China; Gender Male; Digital Currency Address - XBT 12QtD5BFwRsdNsAZY76UVE1xyCGNTojH9h; alt. Digital Currency Address - XBT 1Kuf2Rd8mDyAViwBozGTNYnvWL8uYFrkVo; alt. Digital Currency Address - XBT 13f59kUM5FU8MfTG7DCEugYarDhSD7XCcC; alt. Digital Currency Address - XBT 1P3ZfGFLezzYGg9k5SVzQmnjyh7nrUmF2y; alt. Digital Currency Address - XBT 1EpMiZkQVekM5ij12nMiEwttFPcDK9XhX6; alt. Digital Currency Address - XBT 1JREJdZupifhE7ZzQPtASuMCvvpXC7wRsC; Chinese Commercial Code 7346 2556 0365; Citizen's Card Number 421002197703250019 (China) (individual) [SDNTK].

ZHENG, Fujing (Chinese Simplified: 郑福景; Chinese Traditional: 鄭福景) (a.k.a. "DENG, Gao"; a.k.a. "JIN, Gordon"; a.k.a. "ZHENG, Gordon"); DOB 11 Jun 1983; POB China; nationality China; citizen China; Email Address goldenchemical@live.com; alt. Email Address gordonzheng@qinivictory.com; alt. Email Address magicchemical@hotmail.com; alt. Email Address sales@globalrc.net; alt. Email Address 3507656950@qq.com; alt. Email Address zhengfujing@live.cn; Gender Male; Digital Currency Address - XBT 17ezuJoT3XBbdcwFZbkTnrXbup11F4uhiy; alt. Digital Currency Address - XBT 1DH2xDH7TngrDU6LXciprKCBKNcPA1xX8A; Passport G31920875 (China) issued 24 Oct 2008 expires 23 Oct 2018; Identification Number 310107198306111336 (China); Chinese Commercial Code 6774 4395 2529 (individual) [SDNTK].

ZHENG, Guanghua (Chinese Traditional: 鄭廣華; Chinese Simplified: 郑广华); DOB 04 Nov 1955; POB Shanghai, China; nationality China; citizen China; Email Address zhenguanghua1955@outlook.com; alt. Email Address



# Expected Customer Behavior

## Consumers

- Three common cryptocurrency users:
  - Long-term “hodl”ers
  - Day-traders (like the equity markets)
  - Users of cryptocurrency (purchasing retail merchandise)Frequent deposits into checking accounts, from cryptocurrency exchange(s), are not likely transaction activity for these types of users and may be suspicious.
- Deposit amount from a cryptocurrency exchange alone isn’t suspicious; especially when Bitcoin’s value can be near \$10,000 per coin.
  - Cryptocurrency exchanges have withdrawal limits, often around 2 BTC or \$25,000 per week.
  - Validate deposits made from less known cryptocurrency exchanges. If the exchange isn’t registered with FinCEN as a Money Services Business, you may choose to file a SAR.
- People may try to work around the withdrawal limits of a single cryptocurrency exchange; therefore, frequent deposits into a bank account, from the same customer, from multiple exchanges can be suspicious.

## Legal Entity Customers

- Cryptocurrency traders and exchanges (including individuals) must register with FinCEN as a Money Services Business. Confirm their registration on FinCEN’s website (<https://www.fincen.gov/msb-registrant-search>).
- Large, reputable exchanges typically have AML controls, including CIP/KYC protocols; whereas, smaller exchanges may be less familiar with the legal requirements. Validate their AML program through your Enhanced Due Diligence program.
- Convertible Virtual Currency (CVC) kiosks and ATMs (aka, Bitcoin ATMs) present significant AML risk.
  - They can sometimes be found in secluded or private locations, like the back of a bar or convenience store, or less active area in a mall.
  - Some ATMs dispense cash, where others do not.
- Many retailers are using Bitcoin payment processors, such as Bitpay (<https://bitpay.com/>). You may wish to inquire if the business is or plans to accept cryptocurrency as payment.



## APPLICATIONS & SOLUTIONS

**Brokerage**  
 coinbase, BIT Pagos, Unocoin, BTCC, BITFINEX, CIRCLE, COINJAI, QUADRIGACX, safello, volabit, coinFloor, coins.ph

**Exchanges**  
 BTER.com, coinbase, POLONIEX, BITSTAMP, bitcoin.de, GEMINI, mexbt, CAMP BX, BITSO, Coinffeine, PAYMIUM, CEX.IO, SHAPE SHIFT, BTC express, coinsecure, coinsetter

**Soft Wallets**  
 BLOCKCHAIN, airBitz, ARMORY, xapo, bread wallet, Mycelium, MultiBit HD, coinprism

**Hard Wallets**  
 TREZOR, Ledger Wallet, case, keep key

**Investments**  
 Grayscale, magnr, loanbase, string, Yuanbao, KOIBANX, Bitbond, WeiFund, WEALTHCOIN, lighthouse, BSAVE.IO, dangpu.com, BTCjam, CHROMA.FUND

**Microtransactions**  
 BitMesh, BitWall, ChangeTip, ProTip, Strawpay

**Capital Markets**  
 Chain, symbiont, NASDAQ Private Market, Digital Asset Holdings, clearmatics, itBit, TradeBlock, t0, R, epiphyte

**Money Services**  
 CRYPTOPAY, cashila, ABRA, Fuzo, tether, OBitwala, coins.ph, Simplex, ATLAS, BITX, coinx, R<BIT, uphold, SecuraCoin, DUO, BITNEXO, CoinPip, LocalBitcoins.com, BitPesa, BlinkTrade, COINAPULT, MELOTIC, Glidera, bridge21

**Merchants**  
 bitpay, Bitnet, Coinkite, PEY, Coinify, CoinPayments, coinsnap, coinbase, CoinSimple, BIT Pagos

**Compliance**  
 third key solutions, PROTUS, ELLIPTIC, CHAINALYSIS, Sig, BLOCKSEER, CryptoCorp, IdentityMind, COINALYTICS, Tradle, VOGOGO, BLOCKVERIFY, Merkle Tree

**Trading Platforms**  
 COINIGY, HEDGY, OrderBook, tradewave, COINUT, AltOptions, COINIGY, MAKER, BITNOMIAL, TERA EXCHANGE, BitMEX, Mirror, CRYEX, 1Broker, TABTRADER, DXmarkets, AlphaPoint, NOBLE MARKETS, HitFin

**ATMs**  
 LocalBitcoins.com, Robocoin, bitxatm, bitaccess, Project Skyhook, btcpoint, SERY, LAMASSU, GB, genesiscoin, COINOUTLET, Modenero Concierge

**Trade Finance**  
 GAZEBO.IO, everledger, CHRONICLED, WAVE, digix, PROVENANCE, thingchain

**Payments**  
 Align Commerce, About Payments, GO COIN, BLADE, GAZEBO.IO, GemPay, cuber, SETL.io, safeo cash

**Payroll & Insurance**  
 paybits, bitWAGE, DYNAMIS

**Financial Data**  
 bitcoiny., CoinMarketCap, CryptoCoin, BRAVE NEW COIN, BlockJockey, CRYPT TRADER, BitcoinWisdom, TradeBlock, CoinGecko, Coinhills

**Banks**  
 BBVA, UBS, LHV, London Stock Exchange, secco, BNY MELLON, BARCLAYS, fidor BANK, citibank, moni

## MIDDLEWARE & SERVICES

**Services**  
 CRYPTONOMEX, B9, CONSENSYS, SolidX, appliedblockchain, RUBIX

**Software Development**  
 chainscript, HydraChain, Blockstack.io, PEERNOVA, CREDITS, eris, MultiChain, Manifold, Blockchain

**General APIs**  
 BitGo, neuroware, coinbase, bitcore, Gem, BLOCKCYPER, Coinkite

**Special APIs**  
 TIERION, Open Assets, bitbind.io, colono.coins, colu, factom, ChromaWay

**Platforms**  
 Counterparty, Monetas, Omni, JEROCOIN, blockstack, HYPERLEDGER, Tendermint, BLOCKAPPS, appliedblockchain

**Smart Contracts**  
 SmartContract, CoinSpark, ROOTSTOCK, btShares, Tembusu Systems

## INFRASTRUCTURE & BASE PROTOCOLS

**Public**  
 bitcoin, btShares, ethereum

**Special**  
 ripple, stellar

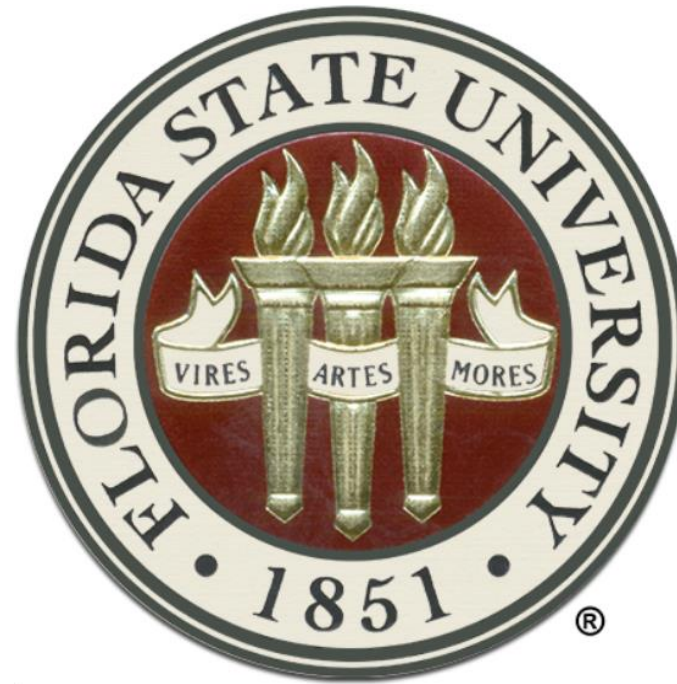
**Payment**  
 Lightning Network, MONERO

**Miners**  
 ANT POOL, BitFury, 21 INC, BTCC, BITCOIN CZ



# Higher Education Focused On Compliance

If you are considering master's program or MBA, may I suggest a law degree for non-lawyers? The following three Universities have online master's programs that include emphasis in compliance with financial services and tailor your education to your career!



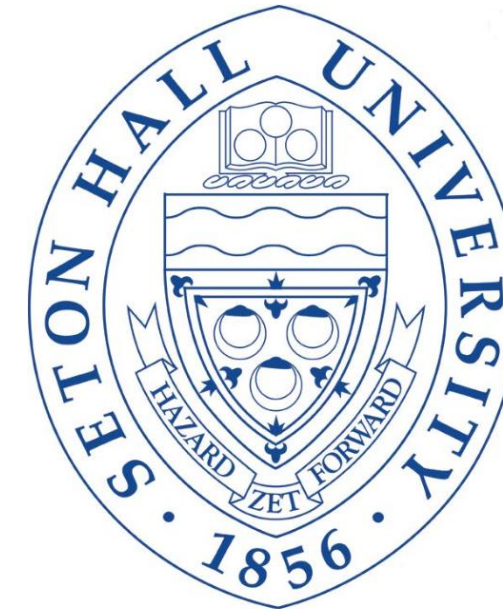
**Florida State University  
College of Law**

Juris Master In  
Financial Regulation and Compliance

30 credit hours, courses include:

- Legislation & Regulation
- Regulatory Compliance
- Bank Secrecy Act and Anti-Money Laundering Compliance
- Compliance Failures: Investigation, Reporting and Remediation
- Consumer Compliance: Deposits, New Products, and Operations
- Consumer Compliance: Lending
- Economic Sanctions and Compliance
- Financial Privacy and Cybersecurity
- Risk Management for Financial Compliance
- Commercial Lending
- Vendors and other Third-Party Risk Management

<https://law.fsu.edu/academics/academic-programs/juris-master-online-program/financial-regulation-compliance-concentration>



SETON HALL | LAW

**Seton Hall University  
School of Law**

Master of Jurisprudence (MSJ) –  
Financial Services Compliance

31 credit hours, courses include:

- Bankruptcy and Creditors' Rights
- Cybersecurity and Privacy: Law, Policy, Compliance
- Financial Crimes Compliance
- Financial Institutions
- Financial Privacy Law
- Global Corruption: Regulation, Compliance, and Enforcement
- Regulating Depository Banks
- Consumer Data Privacy Law

<https://law.shu.edu/online/graduate-degrees/MSJ/index.cfm>



**Fordham University  
School of Law**

Master of Studies in Law (MSL) in  
Corporate Compliance

30 credit hours, courses, including:

- Compliance Risk Assessment
- International Financial Crime
- Anti-Money Laundering

<https://onlinelaw.fordham.edu/master-studies-law/>

**Thank you!**  
**Questions?**

