

U.S. Treasury to Review FinCEN's Cryptocurrency Practices

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In October, the U.S. Department of the Treasury (the "Treasury") released its Annual Plan, outlining the Office of Inspector General's audit and investigative priorities for fiscal year 2018. The Annual Plan notes that "digital currencies provide a potential money laundering instrument because they facilitate international payments without the transmittal services of traditional financial service," and identifies determining "how FinCEN identifies, prioritizes, and addresses money laundering and terrorist financing risks associated with virtual currencies" as a departmental priority.

Secretary of Treasury Steven Mnuchin echoed these sentiments in an interview with Yahoo Finance earlier this month. Secretary Mnuchin expressed concern about the use of bitcoin (and presumably other cryptocurrencies) for the illicit transfer of funds. He emphasized that although the Treasury still does not have an official position on cryptocurrencies, working groups have been deployed for that purpose and the subject matter is one that the Treasury will "be watching very carefully."

FinCEN has already taken some notable action in this space. In 2013, FinCEN published [interpretive guidance](#) on cryptocurrencies, which aims to clarify the applicability of Bank Secrecy Act regulations to virtual currency businesses. On the enforcement end, FinCEN assessed a [\\$700,000 civil money penalty](#) against Ripple Labs, Inc. in 2015 for failures to register with FinCEN and implement an adequate anti-money laundering program, and a \$110,003,314 civil money penalty against the foreign-operated exchange BTC-e for willful violation of the U.S. anti-money laundering laws this past July.

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