



OFAC released a sanctions compliance guidance for the virtual currency industry



The Office of Foreign Assets Control (OFAC) is part of the U.S. Department of the Treasury, it administers and enforces economic sanctions against targeted foreign countries, geographic regions, entities, and individuals. The OFAC sanctions list gathers important information on individuals or entities who participate in or are in relation to illegal activities. Just recently, OFAC released a sanctions compliance guidance brochure for players active in the crypto industry.

Over recent years, virtual currencies as a method of payment have become more and more accepted by individuals across the globe which is increasing its prominent role in the global economy. With the rising interest in the virtual currency world, the importance of regulation and avoiding the ability of financing criminal activities, groups, or individuals increases. The use of a new medium for money transaction using virtual currencies does not exempt involved entities from ignoring compliance, sanctions requirements and due diligence efforts.

On March 2, 2020, two Chinese individuals were sanctioned for being involved in a North Korean state-sponsored money-laundering scheme. About \$100 million in virtual currency was stolen from two crypto exchanges. Another example is a Russian virtual currency exchange which was listed by the OFAC on September 21, 2021 as ransomware actors were using the exchange for financial transactions. The exchange's transaction history had shown that over 40 percent of transactions were connected to illicit actors.

The guidance brochure by OFAC sets a framework with a risk-based approach rather than a single compliance program for a sanctions compliance program as there is no perfect solution to every business or circumstance. The framework is composed of five components of a sanctions compliance program: Management Commitment, Risk Assessment, Internal Controls, Testing/Auditing, and Training. The OFAC encourages all companies operating in the virtual currency realm to develop, implement, and frequently update their sanctions compliance program.

Source: [OFAC guidance brochure for virtual currencies](#)