

Article Information

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Blockchain Bites: President Biden orders US agencies to report on crypto, US DOJ seizes \$28M in crypto from serial ransomware actor, Afghans turn to crypto to preserve wealth

Michael Bacina, Luke Misthos and Jordan Markezic of the Piper Alderman Blockchain Group bring you the latest legal, regulatory and project updates in Blockchain and Digital Law

President Biden orders US agencies to report on crypto

United States' President Joe Biden has signed an '[Executive Order on Ensuring Responsible Development of Digital Assets](#)' (EO). The EO outlines a whole-government approach to understanding cryptocurrencies, their growing impact on traditional finance and offers a roadmap to implement regulation.

The industry, estimated to be worth over USD\$3 trillion, has continued to grow, from [El Salvador recognising Bitcoin as legal tender](#) to Seoul, South Korea [adopting a public service metaverse](#).

The Executive Order outlines a roadmap for the US to regulate cryptocurrencies and lists the following objectives:

1. Protection of consumers, investors and businesses from financial risk;
2. Protection of US and global financial stability through adequate regulation;
3. Mitigation of illicit finance and a focus on national security to prevent financial crimes such as money laundering, terrorism and proliferation financing;
4. Reinforce US leadership in the global financial system and in technological and economical competitiveness through the development of payment innovations and digital assets;
5. Promoting access to safe and affordable financial services; and
6. Support of technological advances that promote responsible development and use of digital assets.

Signing the EO indicates that the US Government understands the significant role cryptocurrencies and the wider industry will play in the future of global finance. This is most evident through part 4. of the EO: Policy and Actions Related to United States Central Bank Digital Currency (CBDC).

There appears to be an understanding of the benefits of digital currency such as its transparency, connectivity and transferability both domestically and internationally.

A United States CBDC may have the potential to support efficient and low-cost transactions, particularly for cross-border funds transfers and payments, and to foster greater access to the financial system, with fewer of the risks posed by private sector-administered digital assets.

Within 180 days all the involved agencies must submit a report to the President based on a possible design of a US CBDC, any implications it may have on financial inclusion, its relationship with private sector-administered assets, the extent to which CBDCs could replace existing currencies and implications for national security.

Further, within 180 days the various relevant agencies must provide to the President reports outlining potential implications of developments and adoption of digital assets on consumers, investors, businesses and for equitable economic growth. This section is aimed to address the conditions that drive mass adoption.

Finally, within 90 days, a report will be given to the President offering views on illicit finance risks posed by digital assets such as CBDCs and cryptocurrencies. Then, within 120 days, an action plan shall be coordinated to help counter these particular issues.

Within 210 days of the EO being signed, a legislative proposal is required to be provided to the President where it is expected legislation will begin to be rolled-out. The signing of the EO marks a most significant step forward for the US in the mainstream adoption and utilisation of digital assets.

US DOJ seizes \$28M in crypto from serial ransomware actor

The US Department of Justice (**DOJ**) has seized USD\$28 million worth of cryptocurrency – primarily Bitcoin – from a hacker who is alleged to have participated in worldwide ransomware attacks.

The hacker – who the DOJ allege is a Canadian national – was extradited from Quebec to the US to face charges relating to his use of the NetWalker ransomware platform. US Attorney Roger B. Handberg [said](#):

This case illustrates effective international law enforcement cooperation directed at identifying cybercriminals, holding them accountable for their alleged criminal actions, and recovering funds allegedly stolen from their victims.

Speaking more specifically on how critical co-operation between interstate law enforcement authorities is to respond to these hackers, Handberg went on to say:

Ransomware is a multi-billion-dollar criminal enterprise that transcends physical and political boundaries. International collaboration is essential to identify the perpetrators of these sophisticated schemes...

Earlier this year in Australia, proposed amendments to the [Crimes Legislation Amendment \(Ransomware Action Plan\) Bill 2020](#) were introduced to parliament to respond to the increasing concerns surrounding the use of ransomware. The proposed amendments would see hackers found guilty of ransomware attacks facing a jail sentence of up to 25 years, and gives the Australian Federal Police [clearer legal authority to investigate and prosecute offshore gangs](#) and seizure powers. The media / moral panic around ransomware as a threat appears to have subsided but vigilance around this form of crime will always remain key to businesses.

Afghans turn to crypto to preserve wealth

A trend is emerging that citizens of countries subject to sanctions in response to regional conflicts are turning to cryptocurrencies to hedge their risk and protect their assets from currency risk at home. Earlier in February of this year, Russian citizens flocked to cryptocurrencies to [protect themselves against increased volatility of the Rouble in light of Western-led sanctions against Russia for the invasion of Ukraine](#).

In 2021, the Taliban responded to the US military withdrawal from Afghanistan, taking Kabul in August. Soon after, crypto markets and use of various cryptocurrencies in that country rose sharply. According to Chainalysis – a leading cryptocurrency and blockchain data analyst firm – Afghanistan was [ranked 20th out of 154 countries by reference to crypto adoption](#).

Just a year before, Chainalysis evaluated Afghanistan's crypto adoption to be [so minimal as to entirely exclude it from ranking](#). The US seized \$7.1 billion worth of assets from the Afghan central bank and ended transfers of US currency following their troop withdrawal. Just like with Russia last month, the global financial transaction framework SWIFT suspended all services in Afghanistan to banks located there.

Afghan commercial banks could not lend money, and customers were unable to withdraw funds from their own accounts. This, coupled with the fact that 80% of Afghanistan GDP came from foreign aid, left the country's economy on the verge of collapse.

The founder of HesabPay – a platform allowing Afghan users to transfer money using crypto – [Sanzar Kakar, said](#):

We're using crypto to try to solve this problem, that 22.8 million Afghans are marching toward starvation, including one million children that might starve to death this winter...

Stablecoins are also gaining traction among Afghan users, with many pegged to the US dollar – avoiding the volatility ordinarily associated with crypto. This humanitarian trend is not too dissimilar from failed states using another country's money as a reserve currency, and shows that digital currency may just be able to help achieve it's often touted goal of helping those in need.