

Article Information

Authors: Steven Pettigrove, Luke Higgins, Emma Assaf

Service: Anti-money Laundering & Corruption, Banking & Finance, Blockchain, Corporate & Commercial

Sector: Financial Services

Blockchain Bites: RBA and DFCRC announce use cases for tokenised asset settlement project; Trace and trap: VicPolice secure convictions in crypto laundering bust; Software developers' liability on trial as Tornado Cash prosecution continues

Steven Pettigrove, Luke Higgins and Emma Assaf of the Piper Alderman Blockchain Group bring you the latest legal, regulatory and project updates in Blockchain and Digital Law.

RBA and DFCRC announce use cases for tokenised asset settlement project

On 10 July 2025, the Reserve Bank of Australia (**RBA**) and the Digital Finance Cooperative Research Centre (**DFCRC**) [announced the industry participants selected for the next stage of Project Acacia](#). Supported by the Australian Securities and Investments Commission (**ASIC**), the Australian Prudential Regulation Authority (**APRA**) and the Australian Treasury, the project will now begin testing live settlement of tokenised assets using forms of digital money, including a pilot wholesale central bank digital currency (**CBDC**) and stablecoins.

As discussed in a [previous article](#), Project Acacia is a collaborative research initiative led by the RBA and DFCRC. It builds on the findings of an [earlier CBDC pilot](#) which highlighted the potential of digital money to enable smarter payments, support innovation in asset markets, promote innovation and interoperability across different kinds of private money, and enhance resilience and inclusion in the digital economy.

Project Acacia is structured in two main phases:

1. A (completed) conceptual research phase which mapped models for how tokenised assets could settle using various types of digital money, and
2. An experimentation phase which involves working with industry participants to test these settlement models through real or simulated use cases using their own infrastructure.

The RBA and DFCRC announced on Thursday that 24 use cases have been selected for further testing. Nineteen pilot use cases will involve transactions using real money and assets, and five proof-of-concept use cases will run simulated transactions. Participants include Westpac, Commonwealth Bank of Australia, ANZ, Fireblocks, Australian Bond Exchange and Zerocap.

ANZ, for example, has [announced](#) that they will lead use cases for Tokenised Trade Payables and Tokenised Bonds. The Tokenised Trade Payables use case addresses working capital and cash flow challenges faced by suppliers by exploring how wholesale CBDCs and tokenised Independent Payment Undertakings can automate settlement and unlock liquidity trapped in supply chains. The Tokenised Fixed Income use case explores how wholesale CBDC as a form of tokenised money can streamline the issuance and settlement of fixed income assets via smart contracts.

Other use cases include private markets, trade receivables and carbon credits, as well as proposed settlement assets such as stablecoins, bank deposit tokens and the use of banks' exchange settlement accounts with the RBA. CBDC testing is expected to take place on a number of public and private permissioned distributed ledger platforms such as Hedera, R3 Corda, Redbelly Network and EVM-compatible chains.

To support the experimentation phase, ASIC has provided targeted relief to allow participants to test their tokenised settlement models without triggering licensing obligations under financial services laws. A [copy of the legislative instrument can be found here](#). The relief is subject to a number of conditions, including an opt-in, and will be repealed at the conclusion of the project.

[Brad Jones, Assistant Governor at the RBA, stated:](#)

Ensuring that Australia's payments and monetary arrangements are fit-for-purpose in the digital age is a strategic priority for the RBA and the Payments System Board.

The use cases selected in this project will help us to better understand how innovations in central bank and private digital money, alongside payments infrastructure, might help to uplift the functioning of wholesale financial markets in Australia.

Chief Scientist at DFCRC, Professor Talis Putnins, pointed to the project's potential for economic gains and cross-border payments of AU\$19 billion per year, with "Project Acacia [marking] a significant step towards realising these gains."

Testing will continue over the next six months with a report due in the first quarter of 2026.

As other jurisdictions such as the United States explore the potential to redesign the financial system based on blockchain rails to unlock innovation, productivity and dynamism, the Project Acacia pilot will play an important role in Australia's own journey to develop the legal and policy parameters for the digital economy and test real world uses cases for the technology.

Written by Steven Pettigrove and Emma Assaf

Trace and trap: VicPolice secure convictions in crypto laundering bust

The Victoria Police and Department of Public Prosecutions has secured convictions against two individuals involved in a money laundering syndicate operating in Melbourne. The investigation dubbed Project Taipan culminated in Australia's first major crypto related money laundering convictions, with over AU\$30 million laundered through digital assets such as USDC and Tether on the Ethereum blockchain.

Operation Taipan began in 2020 with a red flag raised by the Australian Transaction Reports and Analysis Centre (AUSTRAC) which identified a single Melbourne-based individual as the top recipient of regular ATM deposits across Australia. This anomaly pointed to a larger money laundering network, with investigations revealing an organised crime syndicate offering laundering services to criminal groups.

Initially, the funds were funnelled through bank accounts previously held by international students and moved offshore via remittance service providers (RSPs). The money would then return to Australia appearing "clean". Over time, the syndicate pivoted to using cryptocurrency to further obscure the source and flow of funds. An undercover officer [exposed the scheme after making inquiries seeking to convert \\$100,000 in funds into Bitcoin](#).

In 2021, Victoria Police executed search warrants across Melbourne, seizing cash, luxury vehicles and electronic devices. "After resolution, the task remained to extract and analyze the data from all seized devices to understand the full scope of the syndicate's operations," Sergeant David Crowe stated.

At that point in time, Victoria Police did not have the capability to trace the cryptocurrency assets — specifically USDC and Tether transacted on the Ethereum blockchain.

Police worked with Binance, a cryptocurrency exchange, to freeze a crypto account that had transacted more than AU\$39 million in just five months. Blockchain intelligence company TRM Labs was engaged to conduct digital forensic analysis, mapping over AU\$30 million in USDC and Tether flows and providing expert witness testimony in the prosecution's case.

We recognize the importance of embracing new and emerging technologies to combat crime.

Sergeant David Crowe of Victoria Police.

In late 2024, two individuals pled guilty to proceeds of crime offences under the Criminal Code involving more than \$30 million in cryptocurrency, marking Australia's first successful conviction for crypto-based money laundering. One of the individuals also pled guilty to fraud offences. In sentencing remarks, Justice Cahill [made only passing mention of the cryptocurrency related elements](#) of the offending.

The case demonstrates the evolving nature of financial crime and the role of blockchain tracing software in dismantling sophisticated criminal networks. Contrary to popular perceptions, blockchain transactions are traceable and records can be used to reveal sophisticated illicit funds movements. In this case, cryptocurrency was just one element in a broader money laundering scheme involving several techniques.

The collaboration between Victoria Police, Binance and TRM Labs demonstrates the value of public-private partnerships like AUSTRAC's Fintel Alliance, which bring together experts from across sectors to combat evolving money laundering and terrorism financing involving emerging technologies like cryptocurrencies.

TRM Labs has [published a case study on the operation here](#).

Written by Steven Pettigrove, Luke Higgins and Emma Assaf

Software developers' liability on trial as Tornado Cash prosecution continues

The criminal trial of one of the developers of Tornado Cash, a crypto asset privacy protocol which enabled users to obfuscate the source of crypto-assets, [looks set to commence on Monday as pre-trial motions were considered in the New York Court](#) this week.

Roman Storm faces charges of money laundering, operating an unlicensed money transmission business and conspiracy to commit sanctions violations. This week, Judge Katherine Failla, who will preside over the trial, [granted Storm's motion in limine to exclude references to the since-withdrawn sanctions against Tornado Cash](#). A motion in limine is a request before trial to exclude certain evidence or arguments from being presented to the jury.

The United States Treasury Department's Office of Foreign Asset Control (**OFAC**) added Tornado Cash-affiliated smart contract addresses to its Specially Designated Nationals (**SDN**) list in 2022 after the infamous North Korean hackers, the Lazarus Group, used the protocol to launder crypto-assets from hacking operations. However, the [US Fifth Circuit Court of Appeals found that OFAC had exceeded its statutory authority](#) under the International Emergency Economic Powers Act (**IEEPA**) by sanctioning immutable smart contracts, which it found could not constitute "property" under the IEEPA.

OFAC [announced in March 2025 that several of these smart contract addresses would be removed from the SDN list](#), following a District Court [judgment permanently enjoining OFAC from enforcing the sanctions](#). The US Court of Appeals has also [dismissed a case](#) brought by [Coin Center pursuing administrative action](#) following OFAC's withdrawal of the sanctions. OFAC for its part has [not ruled out reinforcing similar sanctions in future or against other non-"immutable smart contract"](#) based technologies.

In a hearing in Manhattan, Judge Failla stated that "[t]he words 'Van Loon' are not going to show up in this trial" because the sanctions would likely confuse jurors, unless the prosecutors present a "unicorn" document that would justify their reconsideration. She further noted the risk of jurors engaging in "mental gymnastics" over why the sanctions were imposed and later removed.

However, not all of Storm's motions in limine were granted. Judge Failla [allowed](#) prosecutors to introduce references to North Korea's Lazarus Group and "inflammatory characterizations" of Storm's TORN token sales.

Speaking about the case, Storm [wrote](#) on X:

The DOJ wants to bury DeFi, saying I should've controlled it, added KYC, never built it. SDNY is trying to crush me, blocking every expert witness. If I lose, DeFi dies with me. The dream of financial freedom, the code I believed in—it all fades into darkness. I'm fighting, but the weight is unbearable. This isn't just my end; it's ours.

Support has poured in for Storm from the blockchain community. The [Ethereum Foundation pledged \\$500,000 to his legal defence](#), joined by personal donations from Ethereum co-founder Vitalik Buterin and Paradigm's Matt Huang.

A final pre-trial hearing is set for Friday 11 July 2025, and the estimated four-week long trial is scheduled to begin on 14

July.

While the US Appeals Court decision in *Van Loon* has provided important clarity on OFAC's ability to sanction immutable smart contracts under US laws, the battle over the extent to which a software developer bears liability for the use of that technology by criminal groups looks set to continue in the New York Court and other forums in the years ahead.

Written by Steven Pettigrove and Emma Assaf