

Article Information

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Blockchain Bites: Crypto crime at all time high! Crypto crime never lower! What's going on?!, PayPal explores issuing a stablecoin, Australian Open Art Ball NFTs

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

Crypto crime at all time high! Crypto crime never lower! What's going on?!

Doubters and those who still need to understand more about cryptocurrencies often point to the “risk” of illegal activity around a highly traceable digital asset. The mere fact that digital assets are highly traceable won't stop all illegal usage, just as traceable bank accounts are used for nefarious purposes as well.

Chainalysis – a Blockchain monitoring business – released [a preview for its upcoming 2022 Crypto Crime Report](#) which showed that crypto-crime has never been lower, as a percentage, but because the volume of crypto transactions has skyrocketed, in absolute terms the total amount of crypto-crime has never been higher.

The report preview showed that the total volume of cryptocurrency transactions rose by roughly 500% from 2020 totals to \$15.8 trillion. At the same time, the increase in crypto-crime identified by Chainalysis was just 79% to USD\$14 billion.

This headline figure leads to sensationalist media coverage that unfortunately perpetuate a tired and [false narrative that cryptocurrency is only used by criminals](#). In fact, the overwhelming majority of cryptocurrency usage is legitimate, and the percentage of illicit activities is well below the comparable percentage of illicit use in the physical cash economy and traditional banking system.

Kim Grauer – Chainalysis' head of research – [explains](#) this further saying:

We had an explosion in the amount of on-chain activity [in 2021]... the amount of crime didn't grow as fast as the amount of legitimate use cases.

More than half of the illicit usage of crypto is comprised of scams – with one scam in particular leading to \$2 billion worth of losses. As ASIC reported in 2021 however, scams are on the rise in all financial services industries with the number of non-crypto [financial scams doubling in 2021](#).

With USD\$10 billion reportedly being held in illicit addresses – mostly arising from theft of digital assets, bad actors wallets will continue to be closely watched. Chainalysis' full 2022 Crypto Crime Report will be released in February, and everyday crypto users are urged to remain vigilant against scams.

PayPal explores issuing a stablecoin

American financial services institution PayPal is looking to launch its own stablecoin. Evidence of this was found within the source code of the PayPal app by developer Steve Moser, who discovered a 'PayPal Coin' logo referenced in the code.

This was confirmed by PayPal's senior vice president of crypto and digital currencies, Jose Fernandez da Ponte:

We are exploring a stablecoin; if and when we seek to move forward we will of course, work closely with relevant regulators.

The PayPal coin is another move towards digital currency and will be backed by the United States Dollar. This announcement follows the launch of PayPal's ['Checkout with Crypto' service to US consumers in April last year.](#)

A spokesperson - not denying PayPal's intention to proceed with the PayPal coin - clarified that the source code found by Moser containing the PayPal logo resulted from a hackathon within the crypto and digital currencies team.

PayPal is looking to continue its momentum around digital assets from 2021 where it announced it would [permit digital currency withdrawals](#) and also [expanded its cryptocurrency offering in the UK.](#)

Da Ponte is quoted as saying that before PayPal could proceed: *'There would have to be clarity on the regulation, the regulatory frameworks, and the type of licenses that are needed in this space.'* Although PayPal clearly will not want to be met with the same hostility faced by Meta's digital currency Diem, PayPal is positioning itself as a forward looking company looking to stay ahead of the curve.

Game, set, match: Australian Open Art Ball NFTs sells out in straight sets

It only took three minutes for the [Australian Open's \(AO\) Art Ball NFT collection](#) to sell out when they went on sale the morning of January 13. Each NFT has been uniquely designed as either a Generative, Legend or Artist design category and offered as part of the [first ever NFT issuance](#) by a tennis competition.

Tennis Australia - alongside Decentraland - have created a full-scale of Rod Laver Arena, with each of the 6,776 NFTs representing one 19x19cm virtual plot of the court. The AO will also be recording data from over 400 matches, tracking upon which plots winning shots land with real match data integration.

For those who secure an Art Ball that represents a plot upon which a championship winning shot have been played on, their NFT be 'updated' to gain certain accolades.

All 11 of the championship balls from the AO's 11 championship matches are set to be packaged in commemorative casing and sent to the NFT owner whose plot the winning shot lands on. The AO has also created a replica of Melbourne Park's tennis precinct as part of its venture into the metaverse which can be accessed through computers, phones or virtual reality and will be showcased in the Rod Laver Arena screens during the Open.

Although each NFT sold for 0.067 Ethereum, the AO is using part of the sale to offset carbon emissions caused by the Ethereum network's 'proof-of-work' system, and a further proportion of the sale will be going to the Australian Tennis Foundation.

The NFT issuance - which the author and Piper Alderman worked on - is the first tennis-related drop of its kind and is a brilliant blend of the real world and the metaverse. The appetite for digital collectibles was evidenced by the speed at which the drop sold out. Fans are eagerly finding new ways to commemorate and be part of their favourite sports which means that 2022 is looking like a significant year for NFTs.