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## Blockchain Bites: Blockchain Week: Memorable Quotes, Major Banks on Blockchain and Scams, US plans to form Digital Currency Crimes Task Force

***Michael Bacina, Steven Pettigrove, Jake Huang, Luke Misthos, Luke Higgins and Kelly Kim of the Piper Alderman Blockchain Group bring you the latest legal, regulatory and project updates in Blockchain and Digital Law.***

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### Blockchain Week Day 1: Memorable Quotes

2023 Blockchain Week festivities continue this week with a successful Day 1 in Sydney. Hosted at the Australian Securities Exchange auditorium, Day 1 was filled with industry leaders, blockchain and financial specialists and an array of talented industry participants.

At Day 1, Ashok Venkateswaran, Mastercard's Blockchain and Digital Asset Lead for the APAC region spoke about Mastercard's focus on digital assets:

*our strategy is focused on improving customer experience... in the last 5 years we have had more than 150 patents awarded... our focus areas is enabling digital currency to use our cards to spend crypto currency on our rails. Another strategy is using our card to top up digital wallets.*

Trevor Power, the First Assistant Secretary from the Financial System Division arm of the Australian Government Treasury, in speaking on regulation said:

*[the Australian Government] are prioritising the regulation of stablecoins which are most cash-like.*

And that:

*The regulatory challenge for government is supporting innovation and protect consumers with simple regulatory systems. The token mapping consultation shows a path to regulation under time tested rules... stablecoins and lenders and borrowers are similar enough to traditional regulated systems. Intermediaries involving custody, clearing trading and settlement are close to existing systems.*

In an interview between the Australian Financial Review's Aaron Patrick and Michael Shaulov, the CEO of Fireblocks, Mr Shaulov discussed the journey of digital asset custody solutions for institutional players:

*When you think about the opportunity for the bank... if I'm a customer I have all my assets in the bank, if this extends to a digital wallet ... it doesn't matter what you are holding ... banks can capture the range of Web3 value in their offering.*

And on the US regulatory issues:

*The situation in the US is highly political, in my view that's the core of it. The SEC is the facilitator of that.... Some of the views the SEC has is such that they aren't looking for new solutions for new technology*

Kate Knight, a Senior Executive in Investment NSW discussed the popularity of blockchain in NSW:

*NSW hosts more than half of all blockchain businesses in Australia and our home grown and first... blockchain unicorn, Immutable.*

And that the NSW is looking to become more involved in the space:

*Blockchain is already driving transformative change...it's fundamentally changing the way people work and government needs and wants to be part of that change. NSW's ongoing prosperity will depend on harnessing that growth.*

The CEO of Independent Reserve, Adrian Przelozny, is confident that more investment is coming:

*It's becoming more and more obvious the institutions are coming ... [r]egulations will force exchanges to operate at a higher standard.*

Day 2 is Community Day, with Day 3 covering community in Brisbane, Day 4 running Global interviews online and Friday closing out in Melbourne with a great DAO debate and after party Friday night.

Find out more about Blockchain week [here](#).

### **Blockchain Week: Major Banks on Blockchain and Scams**

Blockchain Week 2023 has kicked off in Sydney, featuring guest presentations, an official address from the government, a keynote discourse, and a panel discussion focused on the future of banking and the transformative trajectory of financial services.

Hosted by Dr Jane Thomason, Day 1 of Blockchain Week began with a Welcome to Country by Donna Ingram, a message from Blockchain Australia's Chair, Michael Bacina (who introduced Simon Callaghan as the new CEO of Blockchain Australia), and an opening remark from Dan Chesterman, the Chief Information officer for technology and data at the ASX.

Mr Chesterman reiterated the ASX's commitment to blockchain technology and its CRESS settlements system despite facing [several delays](#) since the first [stakeholder consultation paper was released in September 2016](#).

The ASX is set to release an update solution design for the CRESS system by the end of the year which will, according to Mr Chesterman, is still reliant on Decentralised Ledger Technology to facilitate transactions.

Katie Knight, Chief Executive Officer of Investment NSW shared the government's optimism with respect to blockchain and Web3 technology. Ms Knight stated that 50% of all Australian blockchain businesses are based in NSW, and NSW has the highest number of IT grads of any state or territory.

Ms Knight acknowledged the transformative change of blockchain tech in her speech:

*Blockchain is already changing how people live and work, and the government wants to be a part of that change.*

Mastercard's head of blockchain, Ashok Venkateswaran discussed Mastercard's growth in the blockchain space, having accrued 150 patents with respect to blockchain titles and technology in the past 5 years.

Mastercard is acquiring several entities and producing technologies, [such as its new customer verification solution](#), in the hopes of positioning itself as a major player in the future of payments.

The panel on the evolution of financial services was moderated by Michael Bacina, saw some surprising headline statistics revealed by Sophie Gilder (Managing Director of Blockchain and digital assets at CBA) suggesting that a third of scams and fraud in Australia touch crypto-assets in some form, despite those scams being from a variety of different types of scams, Nigel Dobson (Banking Services Portfolio lead at ANZ) and Howard Silby (Executive, Innovation and Partnerships Chief Innovation Officer at NAB) both agreed scams need to be tackled.

The panellists agreed that blockchain technology is not going away, and according to Mr Silby, there are “*high friction customer processes that could be improved using blockchain tech.*” Mr Silby also believes there will be a “*sudden adoption*” moment in the future, once the tokenisation of assets and CBDCs are fully realised.

Ms Gilder mentioned the status of blockchain in the banking world:

*Blockchain is not yet mainstream but very influential...all major banks now have a digital assets team.*

Mr Dobson acknowledged that there is:

*potential for blockchain to replace existing centralised systems [with] tremendous operational efficiency*

The panel agreed that the “high-growth underserved markets” such as the carbon credit market, illiquid markets or private markets are well-suited for blockchain adoption.

Interestingly, in discussing the long road for mainstream adoption, Ms Gilder mentioned the “power of incumbency” in that there are significant costs associated with overhauling an existing system that already functions and is fit-for-purpose (not withstanding acknowledging blockchain tech may have higher upside).

In discussing the parts of blockchain technology that are here to stay, Mr Dobson stated the infrastructure, specifically for public chains, is “incredibly useful” and that “tokenisation and digital assets are the narrative now”. The shift from the infrastructure level to the utility layer is now upon us.

The panel were in agreement that the adoption and development of blockchain technology requires significant government involvement by way of certain and fit for purpose regulation which can frame the parameters through which banks can grow in this space and help ensure crypto-asset providers can secure payment and banking services and help slow scams currently impacting Australia.

### **US plans to form Digital Currency Crimes Task Force**

On 20 June the United States officially announced their plans to establish a Darknet Marketplace and Digital Currency Crimes Task Force. In a joint effort, five enforcement agencies with special agents including Internal Revenue Service Criminal Investigation, Homeland Security Investigations, Arizona and Drug Enforcement Administration, Inspector in Charge from the US Postal Inspection Service and Attorney Gary Restaino [signing a memorandum of understanding on 15 June](#), memorializing the Darknet Marketplace and Digital Currency Crimes Task Force.

The organisation intends to target darknet drug vendors and crimes enabled by cryptocurrency, including money laundering, data theft and child exploitation. It was reported:

*The Darknet Marketplace and Digital Currency Crimes Task Force’s mission is to disrupt and dismantle criminal organizations that exploit the appearance of anonymity on the darknet or use digital currency to facilitate criminal activities.*

Federal agencies in Arizona say they have collaborated on numerous occasions already to investigate and prosecute “criminal activities facilitated through the use of cryptocurrency on dark web marketplaces and other anonymous platforms”. Recent prosecutions have concerned drug distribution through the dark web and money laundering via cryptocurrency exchanges. This task force with a unique investigative capability will produce more “impactful repercussions” by expanding the collaboration and encouraging resource sharing between agencies.

*Our agents excel in addressing sophisticated cyber-related schemes and are up to the challenge of locating and apprehending criminals who try to hide in the digital world.*

[Law enforcement agencies around the globe](#) have been moving towards establishing specialised units to tackle the use of crypto-assets by criminals who don't seem to realise how traceable crypto-assets are, with Interpol's crypto crimes unit and Canadian police forming local task forces and prosecutions tracing criminals use of crypto-assets faster than ever before.

The US Darknet Marketplace and Digital Currency Crimes Task Force is seeking to have an international impact with Homeland Security Investigations having 93 offshore locations across 56 different countries, making it "one of the largest international footprints in US law enforcement".

What will be closely followed is the metrics the task force chooses to use to measure performance and how that metric tracks over time.